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63<sup>D</sup> ANNUAL REPORT  
OF THE  
INTERSTATE COMMERCE  
COMMISSION



NOVEMBER 1, 1949



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# INTERSTATE COMMERCE COMMISSION

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# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D. C., November 1, 1949

*To the Senate and House of Representatives:*

The Interstate Commerce Commission has the honor to submit herewith its sixty-third annual report to the Congress. The period covered by this report extends from November 1, 1948, to October 31, 1949, except as otherwise noted.

A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1949, is contained in appendix F to this report.

## TRANSPORTATION DURING THE YEAR

The year covered by this report has been one of great difficulty for many carriers and shippers. The process of inflation, which has had so important a bearing on our work in recent years, was checked and price declines began to appear. Demands for consumer and producer goods which had been backed up during the war came to be satisfied in many lines, industrial production showed a general decline, and a buyer's market, with all it implies, developed in most branches of industry. Strengthening factors began to appear in the summer, but adverse conditions in certain major industries subsequently lowered the scale of production.

Faced with higher costs, mainly as the result of the pending conversion of their nonoperating employees to the basis of a 40-hour week, the railroads petitioned for a further general increase of about 13 percent in their freight rates and charges. We handled this petition with all possible expedition, considering the magnitude and complexity of the issues. An interim increase of about 5 percent became effective January 11, 1949, and a further increase, which brought the total authorized to 9 percent, became effective on September 1. These decisions are reviewed later herein. Some of their economic aspects may be discussed briefly at this point and, where possible, in the light of subsequent developments.

While the increase allowed was considered unlikely to have any important bearing on the problem of inflation, on the general function-



ing of the country's economy, or on the cost of living, we were concerned, among other matters, over what an increase added to six other general increases permitted since June 30, 1946, would have on diverse segments of the national economy and on carrier revenues.

In our last report we noted that the general level of wholesale prices in August 1948 was 110 percent above the 1935-39 level, while rail freight rates were approximately 44 percent higher than on June 30, 1946, or in 1939, and revenue per ton-mile was only 37 percent higher in July 1948 than in June 1946. In September 1949, wholesale prices were 9 percent lower than they were a year earlier and 91 percent higher than their 1935-39 average, while rail freight rates, as increased, were 9 percent higher than in September 1948 and 57 percent higher than in mid-1946 or in 1939.<sup>1</sup> Although the cumulative increase in the level of rates remained below the increase in prices, the two series drew much closer together in the past year.

We endeavored to adjust the burden of this further increase among commodities and among sections of the country in such ways, as stated with respect to earlier increases, "as to produce rates which, so far as was possible in proceedings at once urgent and of great scope, we could consider just and reasonable." It has been estimated by our staff that the cumulative increase since June 30, 1946, ranged, by major commodity groups, from 66.3 percent on less-than-carload traffic and 64.3 percent on manufactures and miscellaneous carload traffic, including freight-forwarder traffic, to 44.8 percent on products of mines. In the eastern district the estimated over-all increase was 61.5 percent, in the southern region 58.1 percent, in the Pocahontas region 53.1 percent, and in the western district 52.9 percent. If the effects of our decision in *Class Rate Investigation, 1939*, are considered, classification-rated less-than-carload traffic in official territory was bearing rates estimated at 92.7 percent above the level of June 30, 1946. In the southwestern territory, the increase was 42.9 percent.

We have no doubt that some of the effects of a compounding of rate increases predicted by shippers are being felt. While shipper resistance to any further increase was not universal, it was stronger than it previously had been. In some instances there were requests that we remove increases previously granted, and in the interest of preserving or restoring, so far as might be possible, desired rate relationships, there was heavy emphasis on the particular form which the proposed increase should take. One consequence of the cumulative rate increases of the past 3 years undoubtedly has been a disturbance of many processes of production and distribution with

<sup>1</sup> The percentages shown are over-all figures and involve the assumption that like increases were made in intrastate rates.

permanent changes in the economic map of the country, although other factors have also contributed to the same result.

As stated, we also were concerned over the uncertain revenue effect of a further increase in railroad rates. In this buyer's market more than commonly are shippers looking for economies in transportation as they are as to other items of cost. Resort to a greater extent than before to highway, water, and pipe-line transportation seemed very likely. Such diversion would be to contract and private carriers as well as to common carriers. The reduction of bituminous coal production early in July and the subsequent cessation of most production in October, the steel strike, the stoppage of all operations on a major railroad, and other factors have distorted the statistics we would turn to for data as to recent developments. Changes in general business conditions also must be considered. We may note, however, that the slight decline in miscellaneous carloadings (largely manufactures) noted in our last report had become nearly 13 percent in 4 weeks in September as compared with the same period in 1948, and that the loss of less-than-carload traffic, which had been material in the 11 months ended in September 1948, has become even greater. The adjusted index of industrial production, on the other hand, which stood at 191 in the first 9 months of 1948 (1935-39=100) and at 192 in September 1948, had declined to 177, or by 7 percent, in the first 9 months of 1949 and stood at 172 (preliminary) in September 1949. Total carloadings other than loadings of grain, grain products, and livestock, declined in the same period 15 and 25 percent, respectively, under the same periods of 1948. According to a staff estimate, motor carriers subject to our jurisdiction accounted in 1944 for 3.45 percent, in 1946 for 4.87 percent, and in 1948 for 6.27 percent of the combined rail and motor ton-miles. In terms of revenue, the motor share rose from 15.85 percent in 1944 to 21.69 percent in 1946 and 25.44 percent in 1948. Indications are that the trend has continued in 1949. Rail freight traffic remains, however, substantially above that of any prewar year.

Railroad passenger traffic also has shown a further decline since the period of our last report. In July 1949, passenger-miles of coach travel were 16.3 percent under the volume for the same month in 1948; passenger-miles in parlor and sleeping travel were 18.9 percent lower. Revenue declined 12.5 and 17.3 percent, respectively. Revenues from the two services were 7.2 percent lower in the first 7 months of 1949 than in the same period of 1948. Including commutation travel the decline in revenues was 6.4 percent.

The railroad situation at this time has some particularly difficult aspects. Rates had to rise to cope with advancing costs, but increases in rates have placed the railroads in a less favorable competitive posi-



tion and have caused changes which have lessened the demand for transportation. Railroad plant has been improved to enable the achievement of lower operating costs and better service. Successful use of this improved plant depends in part, however, on volume traffic, and volume has been dissipated to some extent by higher prices for rail service. In the hearings which resulted in the general rate increase authorized on August 2, railroad witnesses referred on more than one occasion to the fact that prior increases on given traffic had yielded greater gross revenue on a lower volume of traffic. As we said in that decision, this situation is not a healthy one for the railroads or for the Nation. The historic attitude of the railroads, a reflection of the nature of railroad costs, has been one of putting great emphasis on building up tons and ton-miles. The present situation is one in which more revenue is being sought from some traffic for less volume of service. Losses to other means of transportation, relocations of plants, or substitutions of commodities have effects which are difficult to overcome. How far this situation is permanent is contingent upon a number of factors, not the least of which is the future trend of costs of the railroads and their competitors. The process may appear to be one which involves a rationalization of railroad plant—of gearing it to what it can do best—or it may be that conditions are more adverse at the moment than they will prove to be in the longer run.

Several lines of attack on this difficult problem are being tried by the railroads. One, which we stressed in our last report and called attention to in our rate level decision of August 2, is the achievement of lower costs through greater efficiency. We viewed this problem as one involving the whole gamut of railroad operations and as requiring the wholehearted cooperation of employees. As noted elsewhere herein, various of the recognized measures of operating efficiency show improvement, barring the effects of industrial disturbances. While there are evidences of special efforts to lower costs, the ground to be covered is large and the need is very great.

Certain high-cost or high-loss areas particularly call for attention. Terminal operations, especially such as involve a large element of labor cost, have cast a widespread burden on freight charges in whole areas. Another source of difficulty, discussed in our decision of August 2, is passenger-train service. The problem here lies not only in passenger service itself, but also in allied services. Abandonments of unprofitable train services or the substitution of motor services are steps in the right direction. Where the public does not require rail passenger service or as much rail service as is being rendered, the need for stopping the loss is self-evident. The factors to be considered differ somewhat as between the more prosperous railroads and other



railroads, but appropriate reductions of the losses the former incur in this way are desirable.

It should be emphasized that efficiency in any branch of service comprehends quality of service as well as the proper utilization of manpower, materials, and facilities. Shippers are more critical of rail service in a buyer's market than otherwise would be the case. Less-than-carload service continues to be subject to criticism. It is necessary to observe, however, that the furnishing of better service often involves the provision of improved facilities or the incurrence of other costs. The problem is one, therefore, largely for management to decide on the basis of its best judgment of what the outcome is likely to be in terms of net income, but the cooperation of shippers, the public, and regulatory agencies is needed.

Another line of attack is a selective adjustment of rates to meet the difficulties of producers or distributors in given areas or to lessen diversions to other media of transportation. We have called attention to this possible course of action in recent general rate-level decisions. We recognize that action of the latter kind gives rise to complaints and rate adjustments on the part of these competitors. The prevailing buyer's market contributes to the severity of these issues, as does the basic condition of an oversupply of means of transportation in terms of peacetime requirements.

As a result of the decline in volume of traffic and of other adverse factors, orders for new freight cars fell to a very low point during the year. This situation causes concern to persons who have in mind not only future peacetime uses of railroad service, but also defense needs. Principally because of difficulties in securing steel, the program calling for the production of 10,000 cars a month, inaugurated in February 1947, was met in only 5 months, though in the 11 months ending with February 1949, production averaged over 9,500 cars a month. Many additional cars were reconditioned. In the first 8 months of 1949, class I railroads and allied refrigerator car lines added an average of about 8,400 new cars a month but retired about 6,500 a month. The number of cars on order fell abruptly, and repair work is at a lower level. The average age of cars has declined only slightly. Shortages, particularly of boxcars, occurred during the year, but were generally of minor proportions except in the period of the fall movement of grain. As noted above, there has been criticism in some quarters of the standards of service observed in handling less-than-carload traffic.

We called attention in our last report to the successive increases in rates which had been granted the Railway Express Agency in recognition of its sharply rising costs and of the losses being incurred by the railroads in handling express traffic. Attention also was called, however, to the decline of this traffic in the face of a peak level of demand

and to the very minor benefits which accrued to express revenues as the result of the rate increases. Reductions in expenses incident to the smaller volume of business were indicated to have been a principal factor in enabling a rise in express privilege payments to the railroads and other carriers, except air lines, from 22.51 percent of total less-than-carload revenues of the agency in 1946 to 29.58 percent in the first half of 1948, but it was pointed out that the latter percentage was below what generally is considered to be required for adequate remuneration of the railroads. A further small increase in less-than-carload rates in the East and South resulted from our decision of December 29, 1948, in *Increased Express Rates and Charges, 1946*, 273 I. C. C. 231. In the first 7 months of 1949, total revenues were \$54,701,476, or 22.3 percent lower than in the same period of 1948, operating expenses were 14.7 percent lower, and express taxes, mainly social-security payments, were 9.5 percent lower. The express revenue of class I railways (substantially equal to "express-privilege payments")<sup>7</sup> for the 7 months were 38.1 percent below what they were in the same period of 1948. In the first 6 months of 1949, revenue received by the Post Office Department for the transportation of fourth-class mail matter was more than a third higher than in the same period of 1948, but there was little change in the number of pieces handled. Extensive tests indicate that the average weight per piece rose. Parcel-post rates were increased on January 1 of this year.

Intercity motor carriers of property continued to transport a large volume of traffic during the period covered by this report and substantially more than they did in the peak war year. Production of trucks for all uses was at a lower level in 1949 than in 1948, and total registrations (including busses) increased about 6 percent as compared with an increase of 11 percent from 1947 to 1948. Since 1941, total registrations have gone up nearly 56 percent (5,005,300 to 7,807,000). The scope of many operations subject to our jurisdiction has increased. Service is being offered between the Atlantic and Pacific coasts in several instances in the joint operations of not more than two or three carriers and in one instance of a single carrier. The strategic advantage of the trucks in relation to the railroads noted in our last report continues generally to be held. The full increases in rail rates have not been matched for the most part by increases in motor rates. In various fields, private and exempt transportation has held motor rates in check. Some such rates continue to be above the rail level. There recently has been an emphasis on downward adjustments of rail rates on certain classes of traffic. This development is a cause of much concern to the affected motor carriers. Carriers subject to our jurisdiction have had to contend during the year with higher costs, including advances in wage rates in various areas. Negotiations



are in process with respect to four labor contracts of widespread application which will expire in November. Gasoline tax rates were increased in 13 States in the first 8 months of 1949. We have allowed general increases in rates in a few areas. There has been considerable activity in the way of building, planning, and financing the construction of toll roads. State size and weight limits, on the whole, have been liberalized further during the year and enforcement of these limits has received increased attention. The industry is concerned about increases in the amount of exempt motor transportation and about the increased transportation by shippers in leased trucks.

The operating revenues of class I intercity motor carriers of property increased 33.1 percent in the third and 23.6 percent in the fourth quarter of 1948 compared with the respective quarters of 1947; tons carried increased 16.8 and 9.5 percent, respectively. For 1948 the increase was 29.1 percent in revenues and 14.6 percent in tons. The advance in total expenses was somewhat less than the increase in revenues and the operating ratio declined from 95.1 percent in 1947 to 93.2 percent in 1948. Net income before provision for income taxes was 84.1 percent higher in 1948 than in 1947. Tons carried were higher by 3.9 and 2.5 percent in the first and second quarters of 1949 compared with the same quarters of 1948 and revenues were 13.0 and 8.4 percent greater. A larger increase in expenses caused the operating ratio to rise to 95.1 and 94.2 percent in the two quarters of 1949 from 93.7 and 91.3 percent in the same quarters of 1948. Net income before provision for income taxes fell 14.2 and 28.4 percent below the net for the first and second quarters of 1948, respectively. For common carriers of general commodities the operating ratio fell from 95.2 percent in 1947 to 93.1 percent in 1948, for common carriers of special commodities from 95.3 to 93.9 percent, and for contract carriers from 93.4 to 92.4 percent. In the first quarter of 1949 these ratios were 95.3, 95.1, and 93.7, respectively, compared with 93.4, 94.5, and 93.7 in the same quarter of 1948. In the second quarter of 1949 they were 94.9, 93.1, and 91.1 percent, as against 90.8, 93.0, and 91.4 percent in this quarter of 1948. Revenue per ton of the first group of carriers, excluding their minor contract-carrier business, was \$12.82 in the first quarter of 1948 and \$14.01, or 9.3 percent more, in the first quarter of 1949. In the second quarter this average was \$14.55, or 6.5 percent more than the average for this quarter of 1948. For common carriers of special commodities the increase in the first quarter was from \$6.19 to \$6.76 per ton, or 9.2 percent, and for contract carriers from \$3.92 to \$4.53, or 15.7 percent. In the second quarter the averages were \$7.01 and \$4.57, or 5.4 and 12.5 percent more than the averages for the same quarters of 1948. For all three groups the increase in the first quarter was

from \$9.30 to \$10.22, or 9.9 percent; in the second quarter it was from \$10.01 to \$10.49, or 4.8 percent. The tons used in deriving these averages include duplications and there may have been changes in the composition of traffic and average haul per shipment in the periods used in the comparisons.

Local class I motor carriers of property experienced an increase of 5.3 percent in revenues, 1948 compared with 1947, but their expenses advanced by 6.2 percent. Net operating revenue therefore was 12.1 percent less and the operating ratio increased from 95.2 to 96.0 percent. In the first and second quarters of 1949 the revenues of these carriers were down 4.1 and 5.1 percent from the same quarters of 1948, expenses were lower by 2.6 and 2.5 percent, and net operating revenue was 43.6 and 47.3 percent less. The operating ratio advanced from 96.2 and 94.2 in the two quarters of 1948 to 97.8 and 96.8 percent in these quarters of 1949.

Class I intercity motor carriers of passengers experienced a small increase (0.1 percent) in number of passengers carried in scheduled intercity services in the latter half of 1948 compared with the same period of 1947; for the year, there was a decrease of 0.7 percent. Bus-miles operated were 3.9 percent higher in 1948 than in 1947. In the first and second quarters of 1949 the number of passengers carried on intercity schedules declined 6.1 and 10.4 percent, respectively, under the number in the same quarters of 1948. The decrease of 8.3 percent in the 6 months may be compared with one of 21.2 percent in the number of rail passengers (other than commutation). Bus-miles declined 1.1 and 5.0 percent under the respective quarters of 1948. In the 6 months, intercity revenue was 1.0 percent lower than in the first half of 1948; total revenue, including receipts from local and suburban and charter or special operations, was down 0.2 percent. Rail passenger revenue (other than commutation) fell 5.8 percent in the same period. Total expenses were 2.4 percent higher than in the first half of 1948 and the operating ratio was 95.0 percent compared with 92.6 percent in the same period of 1948. Net income before provision for income taxes was lower by 37.1 percent.

The total operating revenues of local or suburban carriers increased 6.2 percent in the last two quarters of 1948 over the same quarters of 1947 and were 5.2 percent higher in the year. Expenses advanced 4.2 and 6.0 percent, respectively. In the first 6 months of 1949 revenues were higher by 1.1 percent than in the same period of 1948 and expenses were 0.6 percent higher. The operating ratio, 92.8 percent in 1948, was 94.5 percent in the first half of 1949; in the same period of 1948 it was 95.0 percent.

As in other years, conditions in water transportation have varied considerably in the several areas. Common carrier operations on



the Atlantic and Gulf coasts continue far below their prewar level, but a few steps have been taken during the year to add to the services available. Conditions remain difficult in the general Pacific coast area, though certain additions to service have been made or are in prospect. Attention is being given to types of craft not used before the war. Conditions in the intercoastal field continue to be difficult. Great Lakes package service of the kind known before the war has not been able to recover, though the more specialized carriers in that area which report to us have experienced substantial increases of business. Conditions have been favorable on the Mississippi River and its tributaries and on related waterways. Traffic in this area, mainly in bulk commodities, has continued to show ability to grow and additional efficient equipment has been put in service. The 3-day week in bituminous coal mining, however, had adverse effects on carriers' costs. The subsequent cessation of operations in eastern mine fields and in the steel industry has involved important items of water traffic. The successive increases in railroad rates have benefited water carriers in each of the several fields. In view of the higher costs that prevail, some water rates have been raised in accordance with the rail increases. In other cases, as on the inland waterways and as to particular commodities in other areas, the differentials between rail and water rates have been widened somewhat. In conjunction with the prevailing buyer's market, this situation has proved beneficial to water carriers.

The operating ratio of all reporting carriers <sup>2</sup> was slightly lower in 1948 (94.3 percent) than in 1947 (95.0 percent). For Great Lakes carriers the decrease was from 93.6 to 88.9 percent, for carriers on the Mississippi River and tributaries from 93.6 to 90.1 percent, and for Pacific area carriers from 95.9 to 92.0 percent. On the other hand, the ratio increased from 94.7 to 102.3 percent for carriers in the Atlantic and Gulf coast group and from 98.5 to 105.9 percent for intercoastal carriers. More current information of this kind is not available.

Conditions in the various trades are discussed further at a later point in this report. The data given in the accompanying table throw light on developments in the recent past. This table is based on the reports of carriers which furnished tonnage and revenue information in both periods used in a given comparison. While comparisons of the kinds indicated are affected by a number of variables, such as changes in the composition of traffic and in average haul per shipment, they permit of drawing some conclusions.

<sup>2</sup> Except carriers which reported on other than the Commission's standard form. These carriers are not included in the accompanying table.

*Percentage changes in tons, freight revenue, and revenue per ton, water carriers subject to the Commission's jurisdiction, year 1948 and first and second quarters of 1949 compared with year 1947 and first and second quarters of 1948, by trade routes <sup>1</sup>*

Trade route	Tons carried			Freight revenue			Revenue per ton		
	1947-48	First quarter 1949	Second quarter 1949	1947-48	First quarter 1949	Second quarter 1949	1947-48	First quarter 1949	Second quarter 1949
Atlantic-Gulf.....	6.1	-13.4	-20.6	30.9	-2.8	-6.0	23.3	12.3	18.4
Great Lakes.....	17.6	14.7	36.0	31.6	49.3	54.4	11.9	30.1	13.5
Mississippi River and tributaries.....	9.2	23.2	-2.5	27.5	39.4	14.5	16.7	13.2	17.4
Pacific coast.....	-12.0	-20.9	62.0	4.0	-3.6	27.8	18.2	21.9	-21.1
Intercoastal.....	-12.3	-7.2	10.3	1.7	3.1	17.1	15.9	11.1	6.2
Total.....	4.5	.6	13.0	16.6	9.1	17.4	11.5	8.5	3.8

<sup>1</sup> Compiled from statements No. Q-650.

Tons carried in all trade routes in the third quarter of 1948, not shown in the table, were higher by 15.9 percent than in the same quarter of 1947 but were lower by 1.0 percent in the fourth quarter than in the same quarter of 1947. The increase for the year, 4.5 percent, may be compared with one of 23.5 percent shown in our last annual report. In the first quarter of 1949 tons were 0.6 percent higher and in the second quarter 13.0 percent higher than they were in the corresponding quarters of 1948. Freight revenue increased 16.6 percent in 1948 and by 9.1 and 17.4 percent in the first and second quarters of 1949 in comparison with 1947 and the respective quarters of 1948. Revenue per ton increased 11.3 percent, 1948 over 1947, and 8.5 and 3.8 percent in the first and second quarters of 1949 compared with the same quarters of 1948.

The reporting Great Lakes carriers experienced substantial increases in tons, revenues, and revenue per ton in 1948 compared with 1947 and in the first two quarters of 1949 compared with the same quarters of 1948. Carriers on the Mississippi River and its tributaries also experienced increases, except for a decline in tonnage in the second quarter of 1949 under the same quarter of 1948. Carriers in the Atlantic and Gulf coast group handled 6.1 percent more tons in 1948 than in 1947 and received 30.9 percent more revenue, but reported less tonnage and revenue in the first two quarters of 1949 than in these quarters of 1948. Both Pacific coast area and intercoastal carriers handled less tonnage in 1948 than in 1947 and in the first quarter of 1949 than in the same quarter of 1948. In the second quarter, however, tonnage was greater than in the same quarter of 1948 and freight revenue was higher by 27.8 percent in the Pacific coast area and by 17.1 percent in the intercoastal trade.

Freight forwarders with annual revenues of \$100,000 or more, which accounted in 1948 for over 99 percent of the revenues of all reporting forwarders, handled 0.7 percent fewer shipments and 7.5



percent fewer tons of freight in the first three quarters of 1948 than in the same period of 1947. In the fourth quarter, however, the number of shipments declined 13.6 percent under the figure for the corresponding quarter of 1947 and the year's business was lower by 4.3 percent in shipments and 9.7 percent in tons handled. The average weight per shipment fell from 495 pounds in 1947 to 467 pounds in 1948 and was 431 pounds in the first half of 1949. In the first and second quarters of 1949 there were 8.6 and 7.1 percent fewer shipments than in these quarters of 1948. Revenue received from shippers was 10.5 percent greater in 1948 than in 1947, but was only 0.5 percent higher in the fourth quarter and was 10.7 and 13.8 percent lower in the first and second quarters of 1949 in comparison with the respective prior periods. Total operating revenues (transportation revenues less payments for transportation purchased) were 13.3 percent higher in 1948 than in 1947, but were only 0.6 percent higher in the fourth quarter compared with the same quarter of 1947 and were 12.7 and 16.6 percent lower in the first two quarters of 1949 than in the same quarters of 1948. Operating expenses increased 15.9 percent, 1948 over 1947; in the first two quarters of 1949 they were 1.3 and 4.5 percent lower than in the corresponding quarters of 1948. Revenue from forwarder operations (operating revenues less operating expenses) was 4.6 percent lower in 1948 than in 1947 and 65.0 percent lower in the fourth quarter than in that quarter of 1947; in the first two quarters of 1949 it was 80.3 and 93.8 percent lower than in these quarters of 1948. Net income, down 9.7 percent in 1948 and 79.6 percent in the fourth quarter, declined 91.3 percent in the first half of 1949 under that for the first half of 1948 and an over-all deficit was shown in the second quarter. Revenue per 100 pounds was 22.4 percent greater in 1948 than in 1947 and 8.5 and 1.9 percent greater in the first two quarters of 1949 compared with the same quarters of 1948. Later figures are not available. As we authorized forwarders to increase their rates simultaneously and ratably with increases in the rates of carriers which serve them, the ratio of payments for transportation purchased to transportation revenue remained substantially constant at about 76-77 percent. Payments to railroads accounted for 72.2, 72.5, and 70.3 percent of the total payments in the first half of 1947, 1948, and 1949, respectively; payments to motor carriers were 12.9, 14.2, and 16.1 percent of the respective half-year totals. In these three periods the three largest forwarders accounted for 64.4, 62.9, and 62.2 percent of the total transportation revenues received by the 54 or 55 forwarders covered in this review. A further discussion of freight forwarders appears at a later point.

Petroleum pipe lines which report quarterly (those with annual operating revenues of more than \$500,000) continued to experience

substantial increases in revenue and volume of business during the third and fourth quarters of 1948 in comparison with the same quarters of 1947. In the year 1948 their revenues were 13.6 percent higher than in 1947 and the number of barrels handled was 10.3 percent higher. In the first quarter of 1949, revenue was 4.6 percent above that of the same quarter of 1948 and volume was lower by 0.4 percent. In the second quarter, revenue and volume declined 2.7 and 11.3 percent, respectively, under the second quarter of 1948. Nine carriers engaged primarily or entirely in the transportation of refined petroleum products reported an increase of 16.9 percent in revenue and 20.9 percent in volume in 1948 over 1947. In the first and second quarters of 1949 their revenue was higher by 1.2 and 8.8 percent, compared with 1948, and volume was higher by 4.5 and 2.4 percent. Substantial investments in extensions of or additions to lines were recorded in 1948.

We referred in our 60th annual report to the far-reaching and profound effects on transportation which work stoppages in industry exerted in 1946. The reduced rate of output and the later general cessation of production of bituminous coal and the strike in the steel industry repeated these effects in the current year. Elsewhere in this report we discuss the transportation problems so created and the service orders we have issued.

The year has been a difficult one in labor-management relations in various branches of transportation. As noted in our last report, these relations in several fields of transportation are now subject to the provisions of new Federal legislation. The strike on a major railroad and other labor-management difficulties in the rail field in the present year are further indications of the need pointed out in our report for 1946 and referred to in our reports for 1947 and 1948. We said in 1946:

We believe that the public interest requires a careful new appraisal of the possibility of avoiding strikes in transportation without unduly trespassing on the rights of contending groups. The problem is not one which can be solved entirely by additional legislation; a large share of responsibility necessarily rests on carrier management and the leaders of organized labor. Any new legislative remedy which may be found necessary should encourage and implement efforts on the part of these groups to work together in what is basically a common cause.

The transportation tax yielded \$607,743,000 of revenue in the year ended June 30, 1949, of which \$251,389,000 came from the tax on passenger travel, \$337,030,000 from the tax on property transportation, and \$19,324,000 from the tax on the transportation of oil by pipe line. The total yield in the preceding fiscal year was \$582,299,000. We called attention in our last report to the fact that this method of taxation discriminates against the long-haul shipper and adds to



the difficulties of for-hire carriers in competing with private transportation by automobile, truck, or vessel. We said "it appears reasonable to question whether continued use of for-hire carriers for tax-collecting purposes is justified." Further advances in transportation charges during the present year add weight to our view on this subject.

#### TRAFFIC AND EARNINGS OF TRANSPORT AGENCIES

For the 12 months ended June 30, 1949, the combined operating revenues of the eight groups of carriers subject to our regulation increased 11.75 percent over operating revenues for the calendar year 1947, as shown in the accompanying table. Five of the eight shared in the increase, the exceptions being the Railway Express Agency, the Pullman Co., and the electric railways. The largest increase was 28.85 percent for the motor carriers of property. Water lines increased their operating revenues by 18.76 percent during the same period, while pipe lines (oil) followed with an increase of 16.42 percent.

From the standpoint of operating revenues 1948 was the all-time peak year for steam railways and motor carriers of passengers, as well as for all groups combined. Motor carriers of property, water lines, and pipe lines showed continued increases in operating revenues as of June 30, 1949. All other groups experienced declining revenues between these two periods. As a result of large increases in rates, fares, and charges, steam railways increased their operating revenues by 11.47 percent in 1948 as compared with 1947, despite a declining volume of traffic. This decline in traffic continued in the first 6 months of 1949, and railway operating revenues for the 12 months to July 1, 1949, fell nearly a quarter of a billion dollars (\$245,709,000) below 1948. This drop has occurred in the face of further substantial increases in rates, fares, and charges granted late in 1948. Unusual weather conditions in the winter months of 1949 are partly responsible for the reduction in traffic volume, although similar conditions prevailed also in the early months of 1948.

Private car lines and freight forwarders are not included in the accompanying table. Based on quarterly reports, however, the operating revenues of private car lines amounted to \$155,461,649 for the fiscal year ended June 30, 1949, and those of freight forwarders were \$59,188,808 for the same period.

The relative importance of the several modes of transportation in the United States can be only broadly estimated because uniform and complete traffic statistics for certain transport agencies are not available. Subject to a margin of error that may be considerable, especially for highway and water transportation, the following table gives the estimated freight ton-miles and passenger-miles of all intercity carriers,

public and private except coastwise and intercoastal water carriers, for the calendar years 1947 and 1948.

The figures indicate that the 1,007,968,000,000 ton-miles of intercity freight traffic, excluding coastwise and intercoastal traffic, in 1948 was 1.5 percent above the level of 1947, and only 6.6 percent below the peak war year 1944. The small increase from 1947 to 1948 was the net result of a 2.6 percent decline in the ton-miles of railways and a 9.7 percent increase in ton-miles of other carriers. All nonrail carriers shared in the increases with carriers by air and pipe line showing the greatest percentage gains, 24.8 percent and 13.9 percent, respectively. Highway ton-miles increased 12.5 percent and waterway ton-miles increased 5.2 percent.

*Operating revenues* <sup>1</sup>

Class of carrier	12 months ended June 30, 1949		Year ended Dec. 31, 1948		Year ended Dec. 31, 1947
	Amount	Percentage change from calendar year 1947	Amount	Percentage change from calendar year 1947	Amount
	<i>Thousands</i>		<i>Thousands</i>		<i>Thousands</i>
Steam railways <sup>2</sup> .....	\$9, 755, 930	+8. 73	\$10, 001, 639	+11. 47	\$8, 972, 775
Railway Express Agency <sup>3</sup> .....	273, 211	-12. 71	294, 833	-5. 80	312, 981
Pullman Co. ....	114, 135	-7. 78	114, 862	-1. 15	115, 029
Electric railways.....	73, 226	-7. 92	77, 104	-3. 04	79, 523
Water lines <sup>4</sup> .....	266, 936	+18. 76	253, 411	+12. 74	224, 767
Pipe lines (oil).....	378, 612	+16. 42	377, 034	+15. 93	325, 224
Motor carriers of passengers.....	565, 580	+5. 92	566, 640	+6. 11	533, 989
Motor carriers of property.....	2, 852, 216	+28. 85	2, 807, 684	+26. 84	2, 213, 611
Grand total.....	14, 279, 846	+11. 75	14, 493, 207	+13. 42	12, 777, 899

<sup>1</sup> Partly estimated. Some of the 1947 figures as given in the 62d annual report have been revised.

<sup>2</sup> Includes switching and terminal companies.

<sup>3</sup> After deducting payments to others for express privileges.

<sup>4</sup> Includes only revenue from domestic traffic subject to the jurisdiction of the Interstate Commerce Commission.

Of total intercity ton-miles in 1948 the railways accounted for 64.20 percent, as compared with 66.89 percent in 1947, and 71.97 percent in 1943, the war year in which the railways handled their greatest percentage share of total traffic. The declining percentage share of the railways since the wartime peak represents a redistribution of traffic at a level more nearly in accord with prewar relationships. Thus the railways handled 62.20 percent of total ton-miles in 1939, 61.96 percent in 1940, and 63.62 percent in 1941. Each of the nonrail carriers increased its relative share of total ton-miles in 1948 over 1947.

The estimated intercity passenger-miles in 1948 were 2.6 percent above the 1947 level. This increase is attributable to an expansion of 5.3 percent in private automobile passenger-miles, which more than offset declines in other modes of passenger travel. If private automobiles are excluded, there was a decrease of 6.8 percent in total

passenger-miles, resulting from the following declines: Railways, 10.4 percent; motor carriers of passengers, 1.3 percent; waterways, 4.8 percent; and airways, 2.2 percent. Private automobiles are estimated to have accounted for 79.69 percent of all intercity passenger-miles in 1948, as compared with 77.64 percent in 1947. The percentage share of each of the other means of travel declined in 1948, as compared with 1947. Comparing 1947 and 1948 the railway share declined from 13.30 percent to 11.61 percent; motor carriers of passengers fell from 6.81 percent to 6.56 percent; airways dropped from 1.73 percent to 1.65 percent; and the waterways declined from 0.52 percent to 0.49 percent.

*Volume of intercity traffic, public and private, by kinds of transportation*

Agency	Ton-miles				Passenger-miles			
	1947 <sup>1</sup>	1948	Percent of grand total		1947	1948	Percent of grand total	
			1947	1948			1947	1948
1. Railways, steam and electric, including express and mail.....	<i>Millions</i> 664, 422	<i>Millions</i> 647, 092	66.89	64.20	<i>Millions</i> 46, 752	<i>Millions</i> 41, 894	13.30	11.61
2. Highways:								
Motor carriers of passengers.....					23, 948	23, 648	6.81	6.56
Private automobiles.....					272, 958	287, 423	77.64	79.69
Motor transportation of property.....	77, 918	87, 640	7.84	8.69				
Total.....	77, 918	87, 640	7.84	8.69	296, 906	311, 071	84.45	86.25
3. Inland waterways, including Great Lakes.....	146, 714	154, 369	14.77	15.32	1, 845	1, 757	.52	.49
4. Pipe lines (oil).....	104, 153	118, 676	10.48	11.77				
5. Airways (domestic revenue service), including express and mail.....	153	191	.02	.02	6, 075	5, 941	1.73	1.65
Grand total.....	993, 360	1, 007, 968	100.00	100.00	351, 578	360, 663	100.00	100.00

<sup>1</sup> Some of the 1947 figures as given in the 62d annual report have been revised.

SOURCES:

1. Interstate Commerce Commission reports. Electric railway ton-miles and passenger-miles estimated on the basis of revenues. Mail ton-miles from Post Office Department are for fiscal years ended June 30.
2. Highway ton-miles estimated on the basis of Public Roads Administration traffic data for main rural roads and local rural roads. Passenger-miles in private automobiles estimated from private automobile vehicle-miles in rural travel. Motor carrier passenger-miles based upon reports to the Interstate Commerce Commission.
3. Waterway ton-miles estimated for 1948 on basis of reports to the Interstate Commerce Commission and Great Lakes bulk cargo traffic (including oil) from annual report of Lake Carriers Association. 1948 passenger-miles based upon reports to Interstate Commerce Commission. 1947 data from Office of the Chief of Engineers, U. S. Army. Does not include coastal and intercoastal traffic.
4. Include refined as well as crude oil, with an allowance for gathering lines.
5. Civil Aeronautics Board.

As shown in the following table, the volume of both freight and passenger traffic handled by all line-haul steam railways in 1948 was considerably below the level of 1947. Both the number of tons of revenue freight originated and the revenue ton-miles declined, the former by 2.03, the latter by 2.55 percent. In passenger service the loss in traffic was more severe. The number of passengers carried decreased 8.64 percent and the passenger-miles, 10.33 percent.



Except for the average load per car and the average train load in freight service, all 1948 indicators of physical performance of the railways appearing in the table below showed decreases in comparison with 1947.

Similarly, in the first half of 1949 all these freight and passenger indicators of physical performance for class I steam railways showed declines under those of the same period in 1948. These decreases ranged from 0.27 percent in the case of the average haul of revenue freight per road to 13.22 percent in the number of passengers carried. The number of revenue ton-miles of freight declined 11.71 percent and revenue passenger-miles 12.56 percent.

*Railway performance changes*

Item	All steam railways		Class I line-haul railways, first half of 1949	
	1948	Percent 1948 over (+) or under (-) 1947	1949	Percent 1949 over (+) or under (-) 1948
Tons of revenue freight originated (thousands).....	1,580,480	-2.03	(1)	-----
Revenue ton-miles (thousands).....	641,104,175	-2.55	272,583,466	-11.71
Ton-miles of revenue freight per car-mile <sup>2</sup> .....	30.90	+ .95	30.20	-1.18
Ton-miles of revenue freight per train-mile.....	1,080.30	+2.65	1,075.96	-.35
Average length of haul revenue freight.....	<sup>3</sup> 405.64	-.53	<sup>4</sup> 224.68	-.27
Revenue ton-miles per mile of road.....	2,695,708	-2.08	1,207,099	-11.57
Number of revenue passengers (thousands).....	645,535	-8.64	282,782	-13.22
Total passenger-miles (thousands).....	41,224,319	-10.33	17,468,667	-12.56
Average journey per passenger (per road).....	63.86	-1.86	61.77	-.75
Average revenue passenger-miles per train-mile.....	101	-8.18	90	-9.09
Average revenue passenger-miles per car-mile (class I).....	19	-9.52	18	-5.26
Revenue passenger-miles per mile of road (class I) <sup>5</sup> .....	184,701	-9.84	110,627	-11.32

<sup>1</sup> Not available

<sup>2</sup> This average is obtained by dividing the revenue ton-miles by the total loaded car-miles, the latter figure including some cars loaded with nonrevenue freight.

<sup>3</sup> All railways as a system

<sup>4</sup> Average haul per road

<sup>5</sup> Based on mileage operated in passenger service only.

The operating revenues of class I line-haul steam railways for the calendar year 1948, which totaled \$9,672 million, were the largest reported by these carriers for any year in railroad history and exceeded those of 1947 by almost \$1 billion or 11.4 percent. The higher level of revenues in 1948 than in 1947 despite declines of 2.6 percent in revenue ton-miles and 10.3 percent in revenue passenger-miles is largely accounted for by the substantial increases in rates, fares, and charges which we authorized in various proceedings. Operating expenses in 1948 also reached an all time peak of \$7,472 million, a figure which was 9.9 percent above 1947 and 6 percent above the previous peak in 1945. Net railway operating income (what is left from operating revenues after deducting operating expenses, taxes, and net rents) in 1948 totaled \$1,002 million or 28.3 percent above the 1947 figure.

During the past 20 years the net railway operating income of class I roads has exceeded \$1 billion in only 5 years: 1929, the war years 1942-44, and 1948. Net income after all charges amounted to \$698 million in 1948 as compared with \$479 million in 1947 or an increase of 45.7 percent. The 1948 net income exceeded that for all prior years during the two decades 1929-48 excepting only 1929, 1942, and 1943.

For the 12 months ended June 30, 1949, operating revenues aggregated \$9,434 million and operating expenses \$7,378 million. Both were considerably above the amounts reported for the calendar year 1947 but somewhat below the 1948 level. Railway revenues in the January-June period of 1949 were adversely affected by severe weather conditions and by a declining volume of both freight and passenger traffic. However, adverse weather conditions also characterized the January-June period of 1948.

The net railway operating income for the year ended June 30, 1949, totaled \$904 million, and the net income was \$613 million. For this period both net railway operating income and net income, after all charges, exceeded those of the calendar years 1945, 1946, and 1947, but they were below the level of 1948.

*Class I line-haul railways*

Item	12 months ended with June 1949	Year ending December 31—			
		1948	1947	1946	1945
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Railway operating revenues.....	\$9, 434	\$9, 672	\$8, 685	\$7, 628	\$8, 902
Railway operating expenses.....	\$7, 378	\$7, 472	\$6, 797	\$6, 357	\$7, 052
Operating ratio .....	78. 21	77. 26	78. 27	83. 35	79. 21
Railway tax accruals.....	\$988	\$1, 029	\$936	\$498	\$824
Net railway operating income .....	\$904	\$1, 002	\$781	\$620	\$852
Fixed interest on funded debt.....	<sup>1</sup> \$285	\$284	\$299	\$333	\$365
Net income.....	\$613	\$698	\$479	\$287	\$450
Federal income and excess-profits taxes.....	\$407	\$448	\$298	<sup>2</sup> \$16	\$306
Net railway operating income before provision for Federal income and excess-profits taxes.....	\$1, 311	\$1, 450	\$1, 079	\$604	\$1, 158
Net income before provision for Federal income and excess-profits taxes.....	\$1, 020	\$1, 146	\$777	\$271	\$756
Amortization of defense projects—Roads and equip- ment (charged to operating expenses).....	\$16	\$17	\$16	\$10	\$825

<sup>1</sup> Partly estimated.

<sup>2</sup> Credit.

The reduction of the net working capital of class I steam railways since the close of the war has been pronounced. On July 31, 1946, the total net working capital of these carriers was \$1,914 million. Excluding materials and supplies, it was \$1,294 million. The corresponding figures as of the same date in 1949 were \$1,315 million and \$480 million, which represent reductions of 31.30 and 62.91 percent, respectively, below the 1946 level. Between these two periods total current assets declined by \$584 million or 15.53 percent. Cash and

temporary cash investments were off \$650 million or 29.55 percent, but the material and supplies account increased \$215 million or 34.68 percent. Presumably this increase reflects chiefly the increased costs of goods purchased rather than increases in physical quantities. Total current liabilities, as of July 31, 1949, were only 0.81 percent higher than in 1946, but the ratio of "quick assets" (cash and temporary cash investments) to current liabilities was 0.83 as compared with 1.19 on the earlier date. The ratio of total current assets (both including and excluding materials and supplies) to current liabilities, as of July 31, has declined each year since 1946, as indicated below.

*Class I steam railways as of July 31*

Item	1946	1947		1948		1949	
	Amount	Amount	Percent decrease under 1946	Amount	Percent decrease under 1946	Amount	Percent decrease under 1946
	<i>Millions</i>	<i>Millions</i>		<i>Millions</i>		<i>Millions</i>	
Total current assets.....	\$3,760	\$3,471	7.69	\$3,604	4.15	\$3,176	15.53
Cash and temporary cash investments.....	2,200	1,918	12.82	1,880	14.55	1,550	29.55
Material and supplies.....	620	740	<sup>1</sup> 19.35	819	<sup>1</sup> 32.10	835	<sup>1</sup> 34.68
Total current liabilities.....	1,846	1,759	4.71	1,993	<sup>1</sup> 7.96	1,861	<sup>1</sup> .81
Net working capital:							
Including material and supplies.....	1,914	1,712	10.55	1,611	15.83	1,315	31.30
Excluding material and supplies.....	1,294	972	24.89	792	38.80	480	62.91
<i>Ratios</i>							
Current assets to current liabilities:							
Including material and supplies.....	2.04	1.97	-----	1.81	-----	1.71	-----
Excluding material and supplies.....	1.70	1.55	-----	1.40	-----	1.26	-----
Cash and temporary cash investments to current liabilities.....	1.19	1.09	-----	.94	-----	.83	-----

<sup>1</sup> Represents increase.

Our last annual report presented comparative operating averages for the railways for the postwar years following the two World Wars with some comment regarding the indicated greater efficiency in the later period. Although fully recognizing that the railroads, both individually and to some extent collectively, were striving to increase the efficiency of particular operations, we also urged upon the railways in that report our view that much more must be done to increase the efficiency and reduce the cost of railroad operations.

The results of these efforts of the railways in these respects can perhaps be best measured by comparisons of various 1948 and 1949 operating averages with those of the year 1929, the peak traffic year up to that time, and of the war year 1944 when traffic reached its all-time peak. Inasmuch as certain of these averages are favorably or unfavorably affected by large increases or decreases in the volume of



traffic, a favorable showing in the face of declining traffic volume in 1948 and 1949 as compared with the 1944 peak is of some significance.

In 1948, ton-miles were 13.4 percent below those of 1944 and 42.7 percent above those of 1929. Similarly, total passenger-miles in 1948 were substantially less than half of those in 1944 though about 32.5 percent above 1929. In the first 7 months of 1949 ton-miles and passenger-miles were, respectively, 13.4 percent and 13.1 percent below the corresponding figures in the same period of 1948. Excepting a small increase in the number of empty cars per freight train, however, all of the principal operating averages for 1948 were consistently more favorable than those for 1929. As compared with the 1944 peak traffic year, net ton-miles per mile of road per day and car-miles per freight car day naturally declined as a result of the large decreases in traffic referred to after 1944. Nevertheless most of the remaining averages were more favorable in 1948 than in 1944. Exceptions occurred only in the case of net ton-miles per freight car day, percent loaded of total freight car-miles, and unserviceable locomotives and freight cars insofar as the freight service averages are concerned. In the passenger service, the average speed of passenger trains (passenger-miles per train-hour) in 1948 was appreciably higher than in 1944, but the number of passengers per car and per train declined sharply as a result of the drastic decreases in passenger traffic referred to above.

In the first 7 months of 1949 as compared with the corresponding period of 1948, the following efficiency indicators showed improvement despite the further loss of traffic: Loaded freight car-miles per train-mile; gross ton-miles per train-mile; train-miles per train-hour; gross ton-miles per train-hour in freight service; and passenger train-miles per train-hour in passenger service. Although figures for only 7 months of 1949 are available, the results so far indicate that for the full year certain operating averages may exceed those of 1944 despite the lowered volume of traffic.

The decline in traffic volume in 1948 and also in the first 7 months of 1949 under 1948 as compared with 1944 has, however, resulted in an appreciable increase in the unserviceability figures for freight and passenger locomotives and for freight and passenger cars. In terms of unserviceability, the passenger locomotive situation was apparently somewhat better in both calendar years 1948 and the first 7 months of 1949 than in the calendar year 1929. The percent of freight cars unserviceable in 1948 and the first 7 months of 1949 was also better than in the calendar year 1929 and the unserviceable freight locomotives were only 0.1 of 1 percentage point higher in the first 7 months of 1949 than in the calendar year 1929.

*Operating averages, class I steam railways*

	First 7 months		Calendar year		
	1949	1948	1948	1944	1929
Total ton-miles (billions).....	306.2	353.4	638.5	737.2	447.3
Total passenger-miles (billions).....	20.6	23.7	41.2	95.5	31.1
<i>Freight service</i>					
Net ton-miles per mile of road per day.....	7,028	8,056	8,221	9,441	5,627
Car-miles per freight-car day.....	40.1	43.5	44.1	50.6	32.3
Freight-car miles per train-mile:					
Loaded.....	35.7	35.3	35.8	34.9	30.7
Empty.....	20.8	18.5	18.7	18.2	18.2
Total.....	56.5	53.8	54.5	53.1	48.9
Gross ton-miles per train-mile <sup>1</sup> .....	2,532	2,466	2,500	2,409	1,865
Net ton-miles per train-mile.....	1,146	1,158	1,176	1,138	804
Net ton-miles per freight-car day.....	813	937	953	1,086	547
Gross ton-miles of locomotives and tenders per locomotive-mile.....	294	287	286	267	220
Net ton-miles per loaded car-mile.....	32.1	32.8	32.9	32.7	26.9
Percent loaded of freight car-miles.....	63.2	65.7	65.6	65.8	62.8
Train-miles per train-hour.....	16.9	16.0	16.2	15.7	13.2
Gross ton-miles per train-hour <sup>1</sup> .....	42,231	39,060	39,905	37,298	24,553
Percent unserviceable:					
Freight locomotives <sup>2</sup> .....	16.5	16.0	15.7	12.4	16.4
Freight cars on line <sup>3</sup> .....	5.4	4.4	4.3	2.5	6.0
<i>Passenger service</i>					
Revenue passenger-miles:					
Per train-mile.....	92.7	102.0	100.8	199.8	55.0
Per car-mile.....	18.1	19.5	19.6	32.2	12.5
Passenger train-miles per train-hour.....	37.0	36.6	36.7	34.8	( <sup>3</sup> )
Percent unserviceable:					
Passenger locomotives.....	15.4	16.0	15.7	12.8	16.2
Passenger cars.....	7.0	6.9	6.7	5.0	( <sup>3</sup> )

<sup>1</sup> Excludes locomotives and tenders.<sup>2</sup> Average during year.<sup>3</sup> Not available.

## INVESTIGATIONS OF TRANSPORTATION BY DIRECTION OF THE PRESIDENT AND OF THE CONGRESS

During World War I, it was necessary for the Government to take over and operate the various systems of transportation carriers by rail and by water. In connection with the return of the railroads to their owners after the close of that war, and after much investigation and study by the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Interstate Commerce of the United States Senate, the Congress passed the Transportation Act of 1920. This act among other things had for its purpose the development and maintenance of a transportation system which would be adequate under private operation for the national defense and could be privately operated during the emergencies of war.

The decade of the 1920's was characterized by the rebuilding, the reconditioning, the general improvement of the railroads and railway facilities, the laying of a network of pipe lines, the canalization of inland waterways, the construction of improved highways, and the appearance thereon of millions of motor vehicles. The decade of the 1930's, in spite of depression and the slow-down of general business



activities, brought further improvements and increased efficiency in the operation of railroads, in the building and operation of pipe lines, in the construction and operation of barges and vessels in coastwise trade and on the Great Lakes, and of highways and motor carriers.

These developments were fully recognized by the Congress and resulted in far-reaching amendments to the Interstate Commerce Act: Part II in 1935, part III in 1940, and part IV in 1942. During World War II, transportation with but slight exceptions was carried on by the owner-companies with notable efficiency and general satisfaction to the public.

In the 4 years since the close of armed hostilities, it has become increasingly clear that the peacetime economy of the country will require most of the transportation facilities which were believed 10 years ago to have been provided too far ahead of the traffic. There is still complaint that there are not enough new railroad cars, and that they are still needed in greater numbers and for greater variety of uses. While the railroads have less traffic than during the peak years of the war, as was to be expected, that traffic has been in the main greater than many would have forecast, and there has been a substantial increase in the tonnage carried on the inland waterways and on the highways.

The problems today are not how to rehabilitate transportation facilities shown up by war as inadequate and obsolete, as was the case in 1919, but how best to serve with economy and improving efficiency transportation facilities taxed to their capacity during the war and somewhat more than adequate for the requirements of peacetime domestic economy.

So many problems are new and in detail somewhat different from those of earlier years. The Congress is alert to these changes and their significance. For several sessions the House Committee on Interstate and Foreign Commerce has under the authority of appropriate resolutions made important inquiries into the growth and interrelation of various agencies of transportation. Under S. Res. 50, the Senate Committee on Interstate and Foreign Commerce has undertaken a comprehensive inquiry into all phases of transportation. In an outline, "Progress of the Senate Transportation Inquiry" on October 6, 1949, the latter committee said:

It is, of course, essential that we know first what the facts are before we make any attempt to criticize the picture or to recommend changes. This initial phase of the work is one of fact gathering, not of evaluation. The Subcommittee hopes to have the facts substantially together in thoroughly double-checked and concise form by the first of the year, and to start off, at that time, on the job of evaluation.

This second phase will consist, in important part, on full hearings in which representatives of the transportation industries, of trade associations, shippers

and of various government agencies and others will be able to set forth clearly their feelings as to what these facts mean and where, in their opinion, we are heading, and should head. These same people have given us splendid cooperation in the fact-gathering phase of our study, and I feel certain that we shall continue to work closely as we move into the evaluation phase.

While these important investigations are being made by the committees of Congress, the executive departments have been and are busy with the various studies of different phases of Government participation or use of transportation, and some of the results of these studies have appeared from time to time in connection with the reorganization of executive departments. In one way or another everyone who uses transportation, or who is responsible for the conduct of transportation—shippers, shipper organizations, carriers, carrier organizations—all are being called upon to present their views with reference to the future of transportation, and in the particular phases of which each one expresses himself as being especially interested.

In view of these important inquiries into what is new in problems of interstate and foreign transportation, and of the thorough review of current information concerning these problems, we believe that at this time we should make no recommendations as to basic matters affecting transportation in a large way. There are, however, minor matters not of major importance where legislation would be helpful, and as to several of which we have made recommendations from time to time.

#### AGREEMENTS BETWEEN OR AMONG CARRIERS

In our last annual report we described briefly section 5a of the act, enacted June 17, 1948, commonly known as the Reed-Bulwinkle Act, governing agreements between or among carriers defined therein, and the preliminary steps which had been taken by us with respect to the filing of agreements by such carriers.

Thirteen applications by various groups of railroads, motor carriers, and water carriers have been submitted for our approval. Hearings have been held on several of these applications, one of which, submitted by the railroads in the western district, has been approved subject to certain terms and conditions. The decision upon that application sets forth fully our views regarding section 5a in relation to the national transportation policy and the joint-action procedures of carriers in dealing with rates and related matters. This decision should result in expediting the disposition of other applications.

We are giving consideration to the prescription of systems of accounts and records to be kept by the associations, conferences, and bureaus to be set up and maintained by the carriers under the approved agreements, and also expect to inaugurate, as contemplated by the act,



a plan of visitation and inspection of these carrier organizations after they have been established.

### RAILROAD REORGANIZATIONS

Three additional petitions for reorganization of railroads under section 77 of the Bankruptcy Act were filed during the period covered in this report. One was filed by the Huntingdon & Broad Top Mountain Railroad & Coal Co., and one by the Long Island Rail Road Co., and the third was instituted by a creditor's petition for reorganization of the Lackawanna & Wyoming Valley Railroad Co. The latter is a carrier operated by electric power, which had filed an application for modification of its securities under section 20b of the Interstate Commerce Act. That application was withdrawn after the issue of an examiner's proposed report recommending a finding that the proposed modifications would not be in the best interest of the carrier nor compatible with the public interest. No plans for reorganization of these three carriers have yet been filed. Trustees have been appointed by the courts and ratified by us for the first two railroads.

At the end of the period covered by our last report, proceedings for reorganization of the New Jersey & New York Railroad Co., the New York, Ontario & Western Railway Co., and the Wyoming Railway Co., were pending but no plans had been filed. In the Meridian & Bigbee River Railway Co., the New York, Susquehanna & Western Railroad Co., Florida East Coast Railway Co., and the Des Moines & Central Iowa Railroad proceedings, plans had been approved by us and were awaiting approval by the courts.

During the period covered by this report the plan approved by us for reorganization of the Des Moines & Central Iowa Railroad was approved by the court, submitted to the parties entitled to vote for its acceptance or rejection, and the proceeding concluded through consummation of the plan. A modified plan of reorganization for the Rutland Railroad Co., which had been approved by the court, was submitted to the creditors for acceptance or rejection, the result of the voting (acceptance by more than 75 percent of all classes) certified to the court, and the plan confirmed by the court. Consummation of that plan, however, has not been completed. A plan of reorganization for the Duluth, South Shore & Atlantic was submitted for voting by the parties entitled to vote thereon and had been confirmed by the court, but that reorganization also has not yet been consummated.

In the proceeding for reorganization of the Boston & Providence Railroad Corp., which is operated by the New York, New Haven & Hartford Railroad Co., a collateral matter is pending under section

5 (2) of the Interstate Commerce Act. Assignment of hearing on that matter has been postponed during negotiations between the parties, and the reorganization deferred for the time being at the request of the trustee. Since our last report further hearings in the Wisconsin Central Railway Co. proceeding have been instituted and adjourned to a later date after the introduction of a considerable amount of evidence. The Central Railroad Co. of New Jersey proceeding, as stated in our prior report, was suspended to permit the filing of an application under section 20b of the Interstate Commerce Act. The court has entered its order, finding that further proceedings under section 77 of the Bankruptcy Act, as amended, are unnecessary, restoring custody of the debtor's property to the debtor, and directing the debtor to consummate the plan of modification of its securities.

In the Florida East Coast Railway Co. reorganization proceeding a plan which we had approved and which was awaiting court approval at the time of our last report was disapproved by the court January 22, 1949. A notice of appeal to the circuit court filed by the Atlantic Coast Line has stayed the reference of that plan back to us for further proceedings. We stated in our prior report that progress in the proceeding for reorganization of the Boston Terminal Co. had been delayed pending decision of an abandonment petition filed by the trustee in order to permit sale of the property at foreclosure. Decision in the abandonment proceeding has been deferred pending the outcome of negotiations between the parties.

In our last report we stated that approval by the court of the plan approved by us for the New York, Susquehanna & Western Railroad Co. awaited termination of litigation instituted by the trustee to permit disaffirmance of New York Central operating rights in and near the debtor's Edgewater, N. J., terminal. Following decisions by the district court and the circuit court of appeals, the issue was before us on an application filed by the trustee for a certificate permitting abandonment and on petition for a finding that such abandonment would not be inconsistent with the reorganization requirements of the debtor. Since our last report we issued a report on the application and petition in which we deferred action pending determination of just compensation to the debtor for the trackage-right operation. A further hearing was held, an examiner's proposed report was issued and exceptions to that report were filed. A final report has been issued fixing just compensation for the services rendered but withholding the issue of an order or certificate for 60 days to permit the parties to enter into an agreement. The matter of approval by the court of the plan of reorganization is still pending in the district court.



At the time of our last report a further hearing had been held and an examiner's proposed report issued in the Missouri Pacific proceedings which had been returned to us by the court. During the period covered by this report exceptions to the proposed report were filed, oral argument was held, and we issued a report and order approving modifications of the plan previously approved by us. The statutory period for filing petitions for modification of the modified plan and replies to such petitions has expired, and a report is under preparation.

We have disposed of a large number of petitions and motions pertaining to features of reorganization other than the formulation of plans. These have included authorizations and modifications of previous authorizations of protective committees, ratification of the appointment of trustees, the fixing of maximum limits of compensation for trustees, trustees' counsel, reorganization managers and their counsel, and other parties, reimbursement of expenses incurred in the various proceedings, and the acquisition of property and the issue of securities required to consummate plans of reorganization. Public hearings not relating to the formulation of plans have been held on five occasions in five different proceedings. We have issued 15 reports and orders in collateral matters, and the proceedings have required us to enter approximately 31 orders or certificates of general administrative character.

Since the passage of section 77 of the Bankruptcy Act, on March 3, 1933, 59 proceedings have been instituted for reorganization under the section. Of these proceedings, reorganization has been completed in 29 cases and the proceedings have been discontinued in 14 cases.

On December 31, 1934, there were 42,168 miles of line haul steam railway in bankruptcy, the mileage increasing to 62,025 in 1939. At the end of the latter year there were 14,988 miles in receivership, making a total of 77,013 miles or 31.05 percent of the total mileage of all railroads being operated under the jurisdiction of the courts. By the end of 1945 the mileage of railroads in bankruptcy had been reduced to 34,626, and on December 31, 1948, there were 12,573 miles of steam railroads in bankruptcy. Thus on the latter date, including 710 miles in receivership, there were 13,283 miles or 5.59 percent of all line-haul steam railroads undergoing reorganization in the courts.

Appendix E of this report contains a list of all reorganization proceedings pending before us during the period of the report and statistics of steam railroads in reorganization at the end of stated 5-year periods beginning with the year 1895.

#### VOLUNTARY REORGANIZATIONS

In our last report we described the progress to that time of our administration of section 2 of Public Law 478 (80th Cong.), approved

April 9, 1948. Section 2 of this law is section 20b of the Interstate Commerce Act.

In our report for 1948 we stated that applications had been filed by eight carriers for our approval of proposals to alter the provisions of outstanding securities. These carriers are Tennessee Railroad Co., which later withdrew its application, Atlantic & Danville Railway Co., Macon, Dublin & Savannah Railroad Co., Lehigh Valley Railroad Co., Boston & Maine Railroad, Lackawanna & Wyoming Valley Railroad Co., Maine Central Railroad Co., and Central Railroad Co. of New Jersey. The application of the Lackawanna & Wyoming Valley Railroad Co. was withdrawn subsequent to the issue of an examiner's proposed report in which he recommended that we find the proposed alterations or modifications of securities not to be in the best interest of the applicant nor compatible with the public interest.

During the period covered by this report other applications have been filed by the Bangor and Aroostook Railroad Co., Wichita Falls & Southern Railroad Co., Missouri-Kansas-Texas Railroad Co., and Montana, Wyoming & Southern Railroad Co. No hearings yet have been held in the first two of these four proceedings. Since our last report hearings have been held on six applications and proposed reports issued on four of them. Reports of the Commission making the statutory findings requisite to submission of alterations of securities were issued in five proceedings.

In five proceedings, the Macon, Dublin & Savannah Railroad Co., Atlantic & Danville Railway Co., Lehigh Valley Railroad Co., Central Railroad Co. of New Jersey, and Montana, Wyoming & Southern Railroad Co., the respective proposed alterations or modifications, with, in some cases, amendments which we found to be just and reasonable, were submitted by the applicants to the holders of the classes of securities affected by the proposals. In the first four cases, the plan, as submitted, received the requisite approval of each class, and we have issued our final reports and orders approving and authorizing the alteration or modification. The result of the submission in the Montana, Wyoming & Southern case has not been reported to us.

During the course of these proceedings the applicants and other parties to the proceedings submitted for our approval pursuant to the provisions of the act a considerable volume of letters, financial data, and other documents in connection with the solicitation of the assents of security holders to the proposed alterations or modifications, and also the documents which the applicants proposed to use in effectuating the proposed alterations or modifications.

A brief analysis of the principal features of the modifications of capital structures approved in the four proceedings which have been



completed indicates the broad scope of the relief obtainable under this legislation. In the case of the Macon, Dublin & Savannah, a maturing issue of bonds was extended. Previous attempts to extend these bonds after our approval under section 20a of the Interstate Commerce Act had been unsuccessful. Litigation is pending before the courts with respect to these proceedings in which the constitutionality of the law will be tested.

The Atlantic & Danville was leased and operated by the Southern Railway. Its two bond issues were maturing and the Southern Railway desired to terminate operation of the property. Pursuant to applications filed with us the Atlantic & Danville was authorized to extend its bonds at reduced interest rates, the rights of the stockholders were modified, and the Southern Railway permitted to abandon such operation.

The Lehigh Valley was faced with maturities of five issues of first-lien bonds upon which it was obligated to the amount of \$45,354,000 in the next 8 years, and the possibility that it would not be able to pay full interest on its junior-bond issue. The modifications which we approved permitted extension of the prior-lien bonds, provided that part of the interest on the junior-lien bonds should be payable only if earned but should be cumulated to the extent of 5 years' requirements for such contingent interest, and required extensive sinking funds for retirement of debt.

The Central Railroad Co. of New Jersey has been in process of reorganization under section 77 of the Bankruptcy Act since 1939. Paragraph (13) of section 20b of the Interstate Commerce Act permits carriers in bankruptcy, with the permission of the court of jurisdiction, to apply to us for approval of modifications of their capital structure and provides for termination of the bankruptcy proceedings upon such approval within 12 months of the date of filing of the application with us. The carrier had extensive accumulations of unpaid interest on its bonds. Within the required period modifications of the capital structure were approved by us, which provided for specified cash payments to the bondholders, extension of the maturity and reduction of interest rate on the bonds, conversion of the unpaid interest into non-interest-bearing certificates, reduction in the par value of the company's capital stock and distribution of additional stock to the bondholders, and prohibited the payment of dividends on the stock until the interest certificates have been retired and debt reduced to a specified amount under the provisions of sinking funds and debt-retirement funds provided for in the plan as approved by us July 27, 1949. By order of August 20, 1949, the court found that approval of the modifications made further proceedings under the Bankruptcy Act unnecessary, except for such orders as were necessary to consum-

mate the modifications and to terminate the bankruptcy proceedings, and ordered restoration to the carrier of its property October 1, 1949.

Paragraph (3) of section 20b provides, in connection with obtaining assents to a modification or alteration by holders of outstanding securities or evidences of indebtedness, that a security or evidence of indebtedness shall not be deemed to be outstanding if we determine the assent of the holder to be within the control of the carrier applying for authority for an alteration or modification, or of any person or persons controlling the carrier. Our experience leads us to believe that the denial of the rights of such stockholders to register their assent to such proposals may result in the failure of meritorious plans through the refusal of a small minority of stockholders to assent, or to register any vote. It seems to us that the protection for minority groups which the Congress intended to provide could be obtained by considering the stock held by controlled or controlling interests to be outstanding and by permitting us in such cases to increase the percentage of assents necessary for approval to the extent which we deem just and reasonable in the light of the situation in each case.

Accordingly, we recommend that consideration be given to amending section 20b of the Interstate Commerce Act so that in connection with determination of the percentage of outstanding securities assenting to proposed modifications or alterations, securities of any class entitled to vote for the election of directors of the carrier whether or not controlled by or controlling the carrier, shall be considered as outstanding, but that if we determine that 25 percent of the securities of such class are so controlled by or control the carrier, we may prescribe such percentage in excess of 75 percent as requisite for approval of the proposals as we may determine to be just and reasonable and in the public interest.

#### RECONSTRUCTION FINANCE CORPORATION ACT

Since our last report we have approved aid by the Reconstruction Finance Corporation to one railroad company and to the trustee of another railroad which is in the process of reorganization under section 77 of the Bankruptcy Act.

We approved a purchase by the Reconstruction Finance Corporation of \$918,000 of equipment-trust certificates to be issued by the Tennessee Central Railway to enable it to acquire Diesel locomotives. There is now pending before us an application by this same carrier for approval of a loan to cover the maturing principal of three loans previously made by the Reconstruction Finance Corporation which will mature April 1, 1950, and upon which interest is in arrears.

We approved aid by the Reconstruction Finance Corporation to the trustee of the New York, Ontario & Western Railway involving the



refunding, consolidation, and extension of the time of payment of existing equipment-trust certificates issued by the trustee and previously purchased by the Reconstruction Finance Corporation.

On the date of this report there are also pending before us applications by the Pecos Valley Southern Railway Co. and by the receiver of the Georgia & Florida Railroad for approval of aid in financing improvements to the properties of these companies.

#### INCREASED FREIGHT RATES, 1948

This proceeding, Ex Parte No. 168, is the third in a series of general railroad freight rate increase proceedings since 1945, based on increased wages and increased costs of materials and supplies. In our last annual report we outlined the beginnings of this investigation. The railroads, and intervening water carriers and freight forwarders, sought a general increase of 13 percent (with certain exceptions) and also filed a motion for an interim increase of 8 percent (also with certain exceptions).

We heard the motion for an interim increase, beginning November 30, 1948, and by our decision December 29, 1948 (272 I. C. C. 695), we granted interim increases as follows: 6 percent within eastern and southern territories and between those territories, 5 percent within zone I of western trunk-line territory, 4 percent within western territory, other than zone I of western trunk-line territory, and 5 percent on interterritorial movements except those between eastern and southern territories. These increases were authorized to be superimposed upon existing rates and were subject to maximums of 6 cents per 100 pounds on fresh fruits, vegetables, and melons, and 4 cents on sugar and lumber and articles taking lumber rates. No increases were authorized in charges for protective services. Similar increases were authorized in freight rates of water carriers and freight forwarders. The increases authorized were published by the carriers, effective January 11, 1949.

Based on the anticipated volume of traffic in 1949, our staff on December 29, 1948, estimated that the interim increases would yield a total of \$425 millions additional revenue per annum to the class I railroads, provided corresponding increases were made effective simultaneously in intrastate traffic. These interim increases brought the total increases since June 30, 1946, to an over-all average increase of 52 percent over the rates on that date.

After further hearings beginning March 1, 1949, conducted in all the major rate territories, in our decision of August 2, 1949 (276 I. C. C. 9), we authorized increases, continuing in character, to supersede the interim increases as follows: 10 percent within eastern

and southern territories and between those territories, 9 percent within zone I of western trunk-line territory, 8 percent within western territory, other than zone I of western trunk-line territory, and 9 percent on interterritorial movements, except between eastern and southern territories. The increases were held to a maximum of 9 cents per 100 pounds on fresh fruits, vegetables, and melons, 6 cents per 100 pounds on sugar and lumber, 35 cents per net ton and 39 cents per gross ton on coal, coke, and iron ore (except on iron ore to the upper lake ports for transshipment by water and from the Minnesota ranges to Duluth, Minn.), and 18 cents per net ton or 20 cents per gross ton on lignite. No increases were authorized in charges for protective services. Water carriers and freight forwarders were authorized to increase their freight rates correspondingly. The increased freight rates were published effective September 1, 1949.

Based on the anticipated volume of traffic for 1949 as indicated by the record our staff, on August 2, 1949, estimated that the increases authorized would yield additional freight revenues to the railroads amounting to \$684 millions on an annual basis. Likewise computed on an annual basis and the estimated volume of traffic for 1949, the total cumulated increase in freight revenue since June 30, 1946, was approximately \$3,086,000,000, representing an over-all average increase of 57 percent over the rates effective on that date.

We reminded the carriers of their duty to initiate and maintain rates that comply with the Interstate Commerce Act, and admonished them further "in good faith and with all possible promptness and in a spirit of cooperation to devise and suggest for the consideration of the shipping public the rates which in their judgment will correct maladjustments." The report pointed out that the cumulative effect of the rate increases already made and authorized in Ex Parte No. 168 might tend to divert or suppress traffic where the resulting rates exceeded the value of the service. In addition, we directed attention to our statement in our previous annual report, that "much more must be done to increase the efficiency and reduce the costs of railroad operations."

In May 1949 the average straight-time compensation per hour of employees of class I line-haul steam railways, excluding executive officials and staff assistants, was 88.6 percent higher than in 1939. This does not include the 20-percent increase for nonoperating employees in connection with the 40-hour week which became effective September 1, 1949.

On December 17, 1948, the President's Emergency Board recommended a 40-hour work-week for nonoperating employees effective September 1, 1949, and also found that all rates of pay in effect prior to October 1, 1948, should be increased by 20 percent so that such

employees would receive the same basic earnings for 40 hours as had formerly been earned in 48. Effective October 1, 1948, these employees received an increase of 7 cents an hour, this increase being an integral part of the award. The nonoperating employees retained this increase of 7 cents an hour after the 40-hour week became effective September 1, 1949, as well as the 20-percent increase in the basic wage rates that were effective prior to October 1, 1948.

The total cost of the 40-hour week for nonoperating employees has not yet been determined. We estimated the cost as \$380 millions plus \$18 millions for pay-roll taxes, making a total of \$398 millions. The Board estimated the cost of the 40-hour week, including pay-roll taxes, at \$450 millions in its December 1948 report. Since that date the volume of traffic and railroad employment has substantially declined.

Taking May 1933 as 100, the index of materials and supplies, including fuel, maintained by the Bureau of Railway Economics of the Association of American Railroads stood at 287.5 on October 1, 1948. The increase in the cost of materials and supplies, excluding fuel, between the two periods was more moderate, the advance in the cost of fuel having been greater than in other materials and supplies. On October 1, 1948, the index of materials and supplies, excluding fuel, stood at 264.1, whereas the fuel index had risen to 335.3. Between October 1, 1948, and May 1, 1949, a substantial decline occurred. As of May 1, 1949, these indices had registered declines from the October peak as follows: All materials and supplies, including fuel, to 267.8 or by 6.9 percent; materials and supplies, excluding fuel, to 253.4 or 4.1 percent; and fuel to 291.5 or 11.3 percent.

The greatest declines in fuel costs have occurred in fuel oil and Diesel fuel. The decline in the price of coal has been relatively small; in October 1948 the price of coal per net ton f. o. b. mines was \$4.50, and by May 1949 the price had declined only 14 cents per ton, or by 3.1 percent. Fuel oil, meantime, had declined in price per barrel from \$2.23 to \$1.48, or about 33.6 percent, and the price of Diesel fuel per gallon decreased 14.6 percent.

#### INCREASED EXPRESS RATES AND CHARGES, 1946

At the time of the further hearing in this proceeding in September 1948, the Railway Express Agency maintained two scales of first- and second-class 100-pound rates, also scales of first- and second-class package charges on shipments weighing from 1 to 100 pounds.

One scale of class rates applied within and between zones 1 and 2, designated eastern-southern scale, and the other somewhat higher scale applied within zone 3 and between that zone and zones 1 and 2, designated western scale. Those scales included the increases pre-



viously authorized by us in this proceeding, and reported in our sixty-first and sixty-second annual reports.

In our report on further hearing, 269 I. C. C. 161, decided September 23, 1947, we suggested that the Express Agency give further consideration to the formulation of a single scale of express rates for Nation-wide application. At the hearing in September 1948, the Express Agency proposed for uniform application throughout the country, its then existing western scale.

The western scale of first-class rates was constructed by using as the key or base a rate of \$2.25 for the first 100-mile haul, which was 10 cents higher than the eastern-southern scale for the same distance, and adding 30 cents for each block beyond the first 100 miles to and including 400 miles, 20 cents for each 50-mile block from 450 to 2,500 miles, and 15 cents for each additional block. Charges for distances less than 100 miles were made 10 cents higher than the eastern-southern scale for the same distances. Second-class rates per 100 pounds were made 75 percent of the corresponding first-class rates.

The application of the western scale throughout the country resulted in the following increases in the then existing first-class 100-pound rates between stations within zones 1 and 2:

Distance	Increase	Percent of increase
	<i>Cents</i>	
12.5 to 400 miles.....	11.....	6.04 to 2.53.
450 to 550 miles.....	No change.....	
600 to 900 miles.....	6 to 77.....	1.14 to 13.07.
950 to 2,500 miles.....	99.....	16.81 to 7.79.

The Express Agency estimated that for a prospective year it would handle 148 million less-than-carload shipments under the proposed rates, and that, based on that volume, the express-privilege payments received by all the class I railroads in the country would fail to cover their operating expenses, rents, and taxes, excluding Federal income taxes, incurred in handling express traffic, by \$51,083,802. When a 6-percent return on investment and allowance for Federal income taxes were included in the estimated costs, the deficit increased to \$93,133,577.

At the hearing, the Express Agency did not request increased rates adequate to meet the foregoing estimated deficits since it considered that the hearing should be limited to the issue of a uniform rate structure, and that the question of revenue needs be deferred in view of pending demands for increased wages.

On December 29, 1948, we issued our report on second further hearing, 273 I. C. C. 231, authorizing publication of the proposed

rates and charges which, as we found, would provide a reasonably related basis of rates and charges for Nation-wide application. The cooperating committee of the State commissioners concurred in the ultimate findings in our report.

The proposed rates and charges became effective February 14, 1949, on 30 days' notice as authorized by our order.

#### INCREASED EXPRESS RATES AND CHARGES, 1949

The Railway Express Agency filed a petition June 29, 1949, requesting us to authorize an increase of 10 percent in its existing first-class rates and charges which had become effective February 14, 1949, the second-class rates and charges to be made 75 percent of the first-class rates so increased.

Upon consideration of the petition on July 6, 1949, we instituted a proceeding docketed as Ex Parte No. 169, *Increased Express Rates and Charges, 1949*. A hearing in this proceeding was held in Washington, September 7 and 9, 1949.

#### RAILROAD PASSENGER FARES

Since our last annual report railroads in the western district have continued their basic or standard fares at 2.5 cents per mile in coaches and 3.5 cents per mile in pullmans. In that report we pointed out that the railroads in the eastern district and Pocahontas region had increased their fares, pursuant to our approval and that of State commissions, by 20 percent in coaches and 14.3 percent in pullmans or from 2.5 to 3 cents, and from 3.5 to 4 cents, respectively. In No. 30257, Standard Fares of Long Island Rail Road Co. after hearing, we granted the request of that railroad for authority to increase its interstate fares by a further 16½ percent or to 3.5 cents in coaches and 4.66 cents in parlor cars. In No. 30256, Increased Fares, Eastern Railroads, 1949, now pending, the other railroads in the eastern district and Pocahontas region seek authority to increase their interstate fares by 12.5 percent or to 3.375 cents in coaches and 4.5 cents in pullmans, the increase sought aggregating about \$37,800,000 per annum.

In I. and S. 5585 (273 I. C. C. 693) and related proceeding before the New Jersey Commission, the Central Railroad Company of New Jersey sought authority to increase its interstate and intrastate commutation fares in the New York area by about 27 percent or \$900,000 per annum. A joint hearing was held and the two Commissions disapproved the request but approved an increase of about 18 percent or \$600,000 per annum. In No. 30178, heard but not yet decided, the New York Central, in connection with its fares between New York City and points on its line west of the Hudson River,

proposes certain increased arbitraries for the ferry crossing, aggregating about \$500,000 per annum. The other New Jersey railroads, in proceedings now pending are proposing increases in their interstate and intrastate commutation fares aggregating about \$2,500,000 per annum.

In No. 30015, also referred to in the last annual report, the railroads of Alabama sought a section 13 order requiring the intrastate standard fares in that State to be brought up to the interstate level. After hearing we issued the order requested (273 I. C. C. 627). Subsequently the Alabama commission authorized intrastate fares on the interstate level, whereupon we vacated our order and discontinued the proceeding.

We also have pending another section 13 proceeding, Docket No. 30010, involving the intrastate commutation fares of the New York, New Haven & Hartford Railroad Co. within the State of New York, discussed elsewhere in this report.

#### **RESERVED RAILROAD AND PULLMAN PASSENGER ACCOMMODATIONS**

Hearings in this investigation were held in Chicago, Ill., New York, N. Y., Miami, Fla., and Los Angeles, Calif. A comprehensive and detailed report on the evidence received at these hearings was served on the parties as a proposed report by an examiner. The matter will be submitted to us for decision in due course.

#### **CLASS RATE AND CLASSIFICATION INVESTIGATIONS**

Under this heading in our last annual report we described the progress which had thus far been made in the formulation of a uniform national freight classification. The matter was then, and still is, in the hands of a railroad committee appointed for that purpose. The committee's work is now nearing completion, and the indications are that the new classification will be submitted to us in the next few months.

As we have previously stated, the completion of the new classification is an essential prerequisite to the establishment of the system of class rates contemplated by our decision in *Class Rate Investigation*, 268 I. C. C. 577. Moreover, the scale of rates which we originally prescribed for use in connection with the uniform classification must be brought up to date to reflect the changes in the rate structure that have taken place since the decision. There remain also for final determination the proper short-line arbitraries, if any, to be applied in connection with the basic class-rate scale and the prescription of appropriate scales for application from, to, and within mountain-Pacific territory.



## RAILWAY MAIL PAY

In the investigation of railway mail pay rates, referred to in our last report, the Post Office Department and the applicant railroads are engaged mainly in assembling and examining the data obtained from special studies to determine the expenses incurred by the railroads in carrying mail. The principal study is that of passenger-train operations on class I railroads for a 1-week period in October 1948. This will furnish evidence of the respective amounts of space, stated in car-foot-mile units, used in passenger trains for transportation of passengers as well as baggage, express, mail, and certain other miscellaneous services. Space ratios obtained from this basic data will be used generally to apportion expenses of operation common to these services. Additional studies are being made to get information as to terminal switching costs in passenger-train service, station labor costs, and station space used for mail.

By a supplementary petition filed March 24, 1949, the applicant railroads requested an increase in mail pay rates not less than 80 percent of the rates in effect February 19, 1947, the date of their original application, instead of 65 percent previously requested. The rates now received are 25 percent in excess of such rates as a result of our order of December 4, 1947, in 269 I. C. C. 357, which granted an interim increase. The supplementary petition was filed because of alleged further increases in costs of operation attributed to increased prices of fuel and other supplies and materials used in railroad operations, increases in wage rates effective in October 1948, higher payroll costs caused by establishment of a 40-hour week for nonoperating employees effective September 1, 1949; and increases in charges for depreciation and retirement expenses resulting in part from increased expenditures for replacements of worn and obsolescent equipment.

On March 31, 1949, the railroads filed another petition in which they asked us to grant an additional interim increase of 35 percent in excess of the present rates. No action has been taken on this request in view of the uncompleted studies of operations and costs.

Classification and analysis of the very large amount of detailed information already obtained will require many months of work and considerable expense to the Government and the railroads.

## INVESTIGATIONS

Reports have been published in the following investigations of general interest instituted on our own motion.

Ex Parte No. 137, *Contracts for Protective Services*, thirteenth supplemental report, 273 I. C. C. 269; fourteenth supplemental report decided May 2, 1949, mimeographed.

Ex Parte No. 148, *Increased Railway Rates, Fares, and Charges, 1942*; Ex Parte No. 162, *Increased Railway Rates, Fares, and Charges, 1946*, 273 I. C. C. 445; 274 I. C. C. 168.

Ex Parte No. 163, *Increased Express Rates and Charges, 1946*, 273 I. C. C. 231.

Ex Parte No. 168, *Increased Freight Rates, 1948*, decided August 2, 1949, 276 I. C. C. 9.

No. 10122, *Standard Time Zone Investigation*, twenty-ninth supplemental report, 272 I. C. C. 479; and thirtieth supplemental report, decided August 6, 1949, 274 I. C. C. 695.

No. 20769, *Charges for Protective Service to Perishable Freight*, decided July 29, 1949, 274 I. C. C. 751.

No. 26712, *Rail and Barge Joint Rates*, decided June 13, 1949, 274 I. C. C. 229.

No. 29677, *Minimum Rates on Rail Traffic Between North and South*, 273 I. C. C. 33.

No. 29912, *Champlin Refining Co. Accounts and Reports*, 274 I. C. C. 409.

No. 29943, *Electric Railway Mail Pay, 1948*, decided August 29, 1949, 276 I. C. C. 137.

No. 30044, *Magnesite, General Increases*, 274 I. C. C. 253.

No. 30177, *Railroad Rates on Express Matter*, decided July 29, 1949, 274 I. C. C. 683.

Ex Parte No. MC-22, *New England Motor Carrier Rates*, 49 M. C. C. 81; 196.

Ex Parte No. MC-39, *Practices of Property Brokers*, 49 M. C. C. 277.

No. 30090, *Magnesite and Brucite, Pacific Coast to Midwest*, decided June 6, 1949, 274 I. C. C. 253.

Other investigations are pending, some of the more important of which are the following:

No. 17801, *Rules for Car-Hire Settlement*.

Ex Parte No. 166, *Increased Freight Rates, 1947*.

No. 9200, *Railway Mail Pay*.

No. 28863, *Rates on Wool and Mohair*.

Ex Parte No. 104, *Terminal Services, Practices of Carriers Affecting Operating Revenues or Expenses*.

No. 29468, *Refrigerator Cars, Basis for Car Hire*.

No. 29555, *Pick Up and Delivery Services by Railroads*.

No. 29556, *Charges on Small Shipments by Railroads*.

No. 29663, *Transcontinental Rail Rates*.

No. 29664, *Intercoastal Water Rates*.

No. 29679, *Express Earnings, Plan and Method of Division*.

No. 29708, *All-Rail, Water-Rail, and Rail-Water Rates Between Pacific Coast Ports and Interior Points*.

No. 29721, *All-Rail Commodity Rates Between California, Oregon, and Washington*.

No. 29722, *Pacific Coastwise Water Rates*.

No. 29885, *In the Matter of Divisions of Joint Rates Between Official and Southern Territories*.

No. 29886, *In the Matter of Divisions of Joint Rates Between Official and Southwestern Territories*.

No. 29901, *Status of Allegheny and South Side Railway Co*.

No. 30030, *Special Regulations, Eggs*.

No. 30031, *Sleeping, Parlor Car, and Reserved Coach Tickets*.

No. 30095, *Pick Up and Delivery Cancellation, New England*.

No. 30108, *Towage Charges, Morgan T. & T. Co*.

- No. 30170, Hudson & Manhattan Railroad Co. Passenger Fares.  
No. 30171, Charges for Coach Seat Reservations in East and South.  
No. 30178, Weehawken Ferry Fares and Charges.  
No. 30186, Forwarder Increases, California to Arizona, New Mexico, and Texas.  
No. 30221, Dwyer Lighterage Rates, Plattsburg and Burlington.  
No. 30222, Dixie Carriers, Inc., Rates and Allowances.  
No. 30256, Increased Fares, Eastern Railroads, 1949.  
No. 30278, Pooling of Merchandise Traffic, St. Louis, Mo., to Los Angeles.  
No. 30304, Rate Restrictions at Buffalo, N. Y., Stations.  
No. 30316, Cigarettes and Tobacco, Virginia to Official Territory.  
Ex Parte No. MC-37, Commercial Zones and Terminal Areas.  
Ex Parte No. MC-42, Handling of C. O. D. Shipments.  
Ex Parte No. MC-43, Lease and Interchange of Vehicles of Motor Carriers.  
No. MC-C-150, Motor Freight Classification.  
No. MC-C-200, Motor Carrier Class Rate Investigation.  
No. MC-C-542, Pick Up and Delivery Services by Motor Carriers.  
No. MC-C-543, Charges on Small Shipments by Motor Carriers.  
No. MC-C-550, Investigation of Bus Fares.

### INTRASTATE RATE CASES

Reports have been published in the following investigations instituted under section 13 (3) of the act.

No. 29791, *Intrastate Coal Rates to Alton and East St. Louis*, decided July 25, 1949, mimeographed.

No. 29845, *Increase in Alabama Freight Rates and Charges*, decided July 11, 1949, 274 I. C. C. 439.

No. 30015, *Alabama Intrastate Fares*, 273 I. C. C. 627.

No. 30024, *Texas Intrastate Rates*, 273 I. C. C. 749, 274 I. C. C. 545.

No. 30082, *Mississippi Intrastate Express Rates and Charges*, 273 I. C. C. 777.

The following proceedings instituted by us under section 13 (3) of the act are pending:

No. 30010, New York State Commutation Fares, New Haven Railroad.

No. 29846, Texas Rates on Wheat and Articles Taking Wheat Rates.

No. 30035, Kansas Intrastate Rates.

No. 30140, Increases in Florida Intrastate Rates.

No. 30340, Alabama Intrastate Express Rates and Charges.

### SMALL SHIPMENTS

Two pending proceedings dealing with the compensatory nature and legal propriety of the charges on small shipments transported by railroads and by motor carriers have been described in previous annual reports. Rates on these small shipments are mainly a miscellany of minimum charges designed to protect the carriers' revenues. They have not heretofore been investigated in any general proceeding to determine their lawfulness.

During the past year we have conducted two additional hearings in these proceedings. Elaborate cost evidence prepared by the rail-



road and motor-carrier respondents and by members of our staff was introduced. At a hearing in January 1949 the rail carriers operating in official territory proposed certain increases in rates and minimum charges on small shipments in that territory.

A further and final hearing is now scheduled for January 10, 1950, at which it is expected that additional evidence will be introduced by respondent carriers and by shippers and shipper organizations as well as by members of the Commission's staff.

#### PICK-UP AND DELIVERY SERVICE

In our last three annual reports we have referred to dockets No. 29555, Pick-up and Delivery Services by Railroads, and No. MC-C-542, Pick-up and Delivery Services by Motor Carriers. These proceedings are investigations into the reasonableness and lawfulness otherwise of the rates, charges, rules, regulations, and practices of class I common carriers by railroad and all common carriers by motor vehicle subject to the Interstate Commerce Act, governing or affecting pick-up and delivery service on less-than-carload and less-than-truckload freight and freight moving at any-quantity rates. One of the principal reasons for the institution of the investigations was to determine whether the carriers are unduly dissipating their revenues by according pick-up and delivery service without making a charge therefor in addition to the line-haul rates.

Hearings were held in February 1947, June 1948, and in January and June 1949. The delay in completing the hearings has been caused by the tremendous task of preparing the necessary evidence. This has entailed the making, by the Commission and the respondents, of detailed studies of the respondents' traffic and operating costs. A hearing is now scheduled for January 1950 at which it is probable that the Commission and the respondents will complete their presentations. It is likely that shipper interests will then desire additional time for preparation in the light of the respondents' evidence and proposals.

In our annual report of November 1947 we referred to the fact that, since the railroads began according free pick-up and delivery of less-than-carload shipments, they generally have had contracts with warehousemen, pool-car distributors, other cartage operators, or draymen, under which they agreed to pay the contractors various amounts for the pick-up and delivery of shipments originating on the warehousemen's premises or elsewhere. We also pointed out that the carriers generally provide in their tariffs for the payment to consignors, consignees, or their agents, of an allowance of 5 cents per 100 pounds where such persons perform their own pick-up and delivery service. The contract amount paid by the line-haul carriers to the warehouse-

men and others for the pick-up and delivery service is substantially greater than the 5-cent allowance made the shippers or consignees who prefer to perform their own pick-up and delivery service.

Because of conflicting court decisions respecting the lawfulness of the payment of the higher contract rates to the warehousemen and others under certain circumstances, we instituted investigations into the situations at a number of points. In our report in the investigations, *Allowances for Pick Up and Delivery Service*, 272 I. C. C. 331, we found that it would be lawful for the respondent railroads, motor carriers, and freight forwarders to pay the contract rates to the warehousemen, pool-car distributors, or draymen, provided there is a written contract under which the contractor is required to perform the pick-up and delivery service as an agent, or as an independent contractor, for the carrier or freight forwarder, and is required by the contract to issue or accept, in the name of the carrier or freight forwarder, receipts for the goods picked up or delivered. An order giving effect to the finding was entered.

During the past year certain railroads operating in trunk-line and New England territories have found that the cost of performing pick-up and delivery service is such that their less-than-carload traffic is unremunerative. In some instances they have proposed discontinuance of the service and in other instances they have proposed the establishment of an extra charge, in addition to the line-haul rate, when the service is requested by the shipper or consignee. Certain of the proposals have become effective, whereas others are under investigation.

#### LESS-THAN-CARLOAD RATE PROPOSAL

In our annual report for 1947, we described the proposal, docketed as No. 29770, *Increased Less-Than-Carload Rates in Official Territory*, by rail and water common carriers to increase class rates applicable to less-than-carload and any-quantity freight traffic within official, Illinois, and extended zone C territories and between those territories and eastern Canada. In our last annual report we stated that in the report adopted October 11, 1948, 273 I. C. C. 57, we found that the proposed increased class rates had not been shown to be just and reasonable or nonprejudicial or nonpreferential, and denied the petition requesting authority to establish the proposed rates. We stated that while the blanket increase proposed in the class rates on all less-than-carload traffic had not been justified, the carriers in their effort to remove the deficit resulting from less-than-carload operation, should survey their less-than-carload rates and make increases where such rates are low and where the traffic can bear an upward adjustment. By petition dated March 2, 1949, the official-territory rail-

roads requested a further hearing to bring the record up to date in the matter of present costs of service in relation to present revenues, to modify the original proposal in the light of changed costs, and add to it certain supplemental proposals designed to increase efficiency in handling traffic. The petition embodies a modified and alternative proposal. The former would result in increases in the class rates on classification-rated traffic for distances to and including 700 miles, and on exceptions-rated traffic for all distances within the described area. The latter would result in increases in the rates on exceptions-rated traffic to the level of the present rates on classification-rated traffic. In connection with each proposal the minimum charge on a single shipment would be \$2.25; the minimum rate per 100 pounds when pick-up or delivery is performed, or an allowance made in lieu thereof, would be \$1; and each piece or package of less-than-carload freight weighing less than 25 pounds would be charged for at that minimum. By order entered on June 13, 1949, the proceeding was reopened for further hearing, assigned for December 13, 1949.

#### GOVERNMENT REPARATION CASES

Since our last annual report, in which these cases were described and listed by docket numbers (pp. 46-7), one of them, No. 29945, in which the Reconstruction Finance Corporation is the complainant, has been heard, orally argued, and submitted for decision. In five others, Nos. 29622, 29735, 29746, 29795, and 29805, the evidence of the complainant, the United States of America, has been introduced, and that of the defendants will be offered at an adjourned hearing to be held in the near future.

#### CAR SERVICE AND CAR SUPPLY

During the first 8 months of 1949 there was a surplus of all classes of equipment, except high-class boxcars, due to lessened use of rail transportation. For the 36 weeks ended September 10, 1949, the loadings averaged a decrease of 12.7 percent under the same period in 1948 and 15.7 percent under the same period in 1947. With the reduction in carloadings and the easing of the car supply the Office of Defense Transportation, effective February 14, 1949, suspended its heavier-loading orders on carload, and on April 5, effective April 16, 1949, less-than-carload freight, and the Commission took similar action with respect to Service Order No. 68 which was later vacated.

Since September 9, when the strike of operating employees of the Missouri Pacific Railroad became effective and immobilized around 8,000 boxcars, there has been an increasing shortage of equipment.



The seasonal increase of traffic in October has been further complicated by the movement of the current crop of grain and soybeans in addition to the old crop from the farms. Serious complaints of car shortage have been received from the lumber shippers in Oregon, the rice growers in the Texas-Arkansas-Louisiana Territory, and soybean shippers in the Middle West.

In the rice territory the railroads were depending upon releases of cars of export grain from New Orleans to take care of the rice crop. However, a strike of the stevedores followed by a strike of grain-elevator employees in that city caused the grain to be diverted elsewhere and, until arrangements could be made to divert cars from other sources, the situation was acute. Rice is now harvested with combines and rushed to the dryers by truck. The principal complaints were due to the fact that the railroads could not get cars to the dryers fast enough to move it to warehouses and mills.

Some complaints were received from the sugar industry in the Louisiana territory, but the shortages there were of a temporary nature.

Car-service division orders were issued requiring the movement to ownership roads either loaded or empty, of all western-owned cars, and the supply was further augmented by sending available miscellaneous foreign cars into the loading territory.

During the 2-year period ended August 31, more than 200,000 new freight cars were placed in service, the greatest number for any 24 months in the past quarter of a century. Bad order cars on hand represent about 7 percent of ownership or 132,467 cars. Total ownership September 1, 1949, was 1,851,413 cars.

#### ADJUSTMENTS INCIDENTAL TO FIVE-DAY WEEK

Effective September 1, 1949, the 40-hour workweek of the non-operating railroad employees became effective. This has resulted in the closing of numerous stations where only limited forces were employed, passenger ticket and traffic offices, and curtailment of local freight and passenger trains, and branch line operations.

At the larger yards, agencies and transfer points some railroads have staggered their forces and maintained skeleton crews to take care of the business. However, we have received hundreds of complaints from all parts of the country protesting the curtailment of services.

Investigation by our agents has disclosed some instances of serious delay to less-than-carload freight and boxcars as a result of reductions in personnel and curtailment of service at transfer points.

**LOSS AND DAMAGE CLAIMS ON EGGS**

In the early part of 1948 it appeared that loss and damage claims and payments on railroad shipments of eggs, particularly to New York, N. Y., had increased so greatly in the past few years that there was doubt whether all of the claims were based on damage for which the railroads could be held responsible. A field investigation by our Bureau of Inquiry tended to confirm that doubt and further revealed defects in the tariff rules governing the inspection of eggs at destinations. By order dated July 23, 1948, in Docket No. 30030, Special Regulation—Eggs, we instituted on our own motion an inquiry into the tariff regulations governing descriptions, marks, inspection, and delivery, and the handling of claims thereunder, applicable in connection with the transportation of eggs in interstate or foreign commerce.

At the request of the Department of Agriculture the hearing was deferred and was finally held at Chicago, Ill., July 26–27, 1949. From the evidence introduced at Chicago it was concluded that there should be a further hearing at New York on a future date.

**SPOTTING SERVICES AT INDUSTRIAL PLANTS**

In several of our past annual reports we made reference to the general investigation which we had instituted into the practices of carriers affecting operating revenues and expenses under Ex Parte No. 104, part II, which relates to terminal services by class I carriers by railroad. We called attention to the fact that our decisions in certain of these proceedings had been sustained by the Supreme Court.

A tariff published by rail carriers operating in the territory north of the Potomac and Ohio Rivers and east of the Mississippi River became effective January 1, 1946, embracing rules which the carriers believed would achieve uniform application of the principles announced by us in *Propriety of Operating Practices.—Terminal Services*, 209 I. C. C. 11. Experience under this tariff has convinced us that the application of these rules by the carriers has not achieved all the results hoped for. During the early part of this year we therefore instituted investigations on our own motion at several plants where carriers are performing terminal services, or paying allowances in lieu thereof, under conditions that appear to be analogous to those which we have found unlawful at other plants. During the year we have held hearings with respect to the performance of terminal services at seven plants, and have adopted two supplemental reports in this proceeding.

Because of lack of funds and consequent loss of personnel, there have been no field investigations since last March.

#### **TERMINATION OF THE OFFICE OF DEFENSE TRANSPORTATION**

The Office of Defense Transportation, which was established December 18, 1941, by Executive Order 8989, ceased operations June 30, 1949, coincidental with the expiration of the President's authority to allocate the use of transportation equipment and facilities by rail carriers under the provisions of the Second War Powers Act, 1942, as amended. This authority had been exercised by the agency under a delegation of authority from the President. Official termination of the agency was made by Executive Order 10065, which designated the Interstate Commerce Commission to complete the liquidation of its affairs.

During the final year of its operation, the Office of Defense Transportation gradually curtailed its controls over rail transportation in line with the easing of the supply of freight cars and the agency's program for complete liquidation by June 30, 1949. It suspended, effective February 14, 1949, its requirements with respect to the heavy loading of carload freight (General Order ODT 18A, Revised, as amended) and, effective April 16, 1949, it rendered inoperative its minimum loading requirements for less-than-carload freight (General Order ODT 1, Revised, as amended) and its control over the rail movement of export freight to and within certain port areas (General Order ODT 16C Revised, as amended). None of these requirements or controls was reinstated. On June 30, 1949, the employees of the agency numbered five.

#### **BUS FARES AND CHARGES**

In No. MC-C-550, Investigation of Bus Fares, referred to in our last annual report, a concluding hearing in Washington, D. C., on intercity fares and charges has been held. A proposed report of the examiner will be served. After expiration of the time for filing exceptions to the proposed report, and replies thereto, the matter will be submitted to us for determination.

A hearing has been assigned at Washington, D. C., on the reasonableness, and lawfulness otherwise, of the fares and charges applicable for the transportation by respondents in interstate commerce of passengers over irregular routes and in special operations over regular routes.

#### **MOTOR CARRIER CLAIMS COMMISSION**

The Motor Carrier Claims Commission created by the act of July 2, 1948 (Public, No. 880, 80th Cong.) to hear and determine claims of



103 motor carriers arising out of the control exercised over their transportation systems by the Director of Defense Transportation pursuant to Executive Order 9462, dated August 11, 1944, commenced to function on September 19, 1949. By October 2, 1949, the last day for filing claims under then existing legislation, 101 motor carriers filed claims aggregating approximately \$35,735,000. Included among the 101 filing claims were 4 motor carriers not named in the Executive order. The Third Deficiency Appropriations Act, 1949, passed subsequent to October 2, 1949, extended the time for filing claims to April 2, 1950.

### HOUSEHOLD GOODS FORWARDERS

By section 402 (b) of the act, persons engaged in the forwarding of used household goods only are exempted from provisions of part IV thereof. We have received numerous complaints from shippers concerning the practices of these forwarders. They seek our aid in connection with alleged overcharges, resulting in some instances from the assessment of a rate higher than that originally quoted by the forwarder but more frequently because of the forwarder's underestimate of the weight of the shipment. For example, a shipper of such goods from New Jersey to California received an estimate from one of these forwarders that his property weighed 5,000 pounds and that the charges would be about \$500. However, upon arrival of the shipment he was billed for more than \$1,350. For another shipper the estimates were 2,500 pounds and \$300, but the actual weight proved to be nearly 7,500 pounds and he was charged \$825. These are typical of many complaints to us. The patrons of these forwarders in general are not experienced in the shipment of goods. Also, in some of the instances there have been handling and delivery charges in addition to the charge for transportation, not disclosed to the shipper until tender of delivery at destination. Complaints of this character most frequently involve long-haul shipments, of which the destination is far removed from the point of origin where the shipping agreement was made.

This exemption, as explained in the report of the Committee on Interstate and Foreign Commerce at the time of the enactment of part IV, "was included because used household goods is customarily handled by motor carriers, and the regulation provided under part II was deemed to be all that was necessary at this time." Such regulation of the motor carrier, however, does not afford proper protection for the forwarder's patron. In view of the number and character of complaints respecting forwarders of used household goods, we are of the opinion that consideration should be given to the possible removal

of the exemption from regulation, which, if enacted, would subject these forwarders to the provisions of the act respecting rates, tariffs, operating authority, et cetera, and to such regulations—probably somewhat similar to those prescribed by us for application to motor common carriers of household goods—as may be necessary.

### PROTECTIVE SERVICE AND CAR OWNING COMPANIES

Reference was made in our report for 1948 to hearings under way in an investigation relating to the propriety of requiring improved and broadened protective service against cold for railroad transportation of apples and pears from the West to the East based upon the temperature within the car instead of outside, and for all perishable freight within the East by the establishment of a service to be rendered upon the initiative and responsibility of the carriers. The latter type of service, known as carriers' protective service, has been available to shippers in the West for many years but is not provided in the region approximately east of the Illinois-Indiana State line.

During the past year hearings in the afore-mentioned investigation No. 20769, Charges for Protective Service to Perishable Freight Protective Service Against Cold, were concluded, and the interested parties were heard in oral argument on the issues therein. We issued our report and order on July 29, 1949, (274 I. C. C. 751) requiring the extension of carriers' protective service for apples and pears from the West to the East and the establishment of such service within the East on all perishable freight, except potatoes from Maine, on or before March 1, 1950, but found that there was no present need for a requirement that the respondents provide special equipment for controlling temperature in cars. The exception as to potatoes from Maine was made at the instance of the producers in that State, who are making a study for the purpose of determining what, if any, change in the existing service is required to meet their needs.

Since our last report we have approved 4 new contracts or agreements and 81 amendments to existing contracts or agreements between common carriers by railroad and other persons for the furnishing to or on behalf of such carriers of protective service against heat or cold to property transported in interstate or foreign commerce in accordance with section 1 (14) (b) of the Interstate Commerce Act.

Between September 1, 1948, and September 1, 1949, the railroads and railroad-controlled car-line companies installed 5,033 new refrigerator cars and retired 4,710, making a net gain of 323. On September 1, 1949, the railroads and their controlled car-line companies had 1,332 refrigerator cars on order, and other persons, principally private car-

line companies, had 358 such cars on order. Class I railroads and railroad controlled car-line companies owned 103,681, and 28,916 such cars were owned by other persons, making a total of 132,597. The refrigerator-car supply during 1949 has been adequate, except for a few minor deficiencies occurring in February and March in Maine and the Northwest. The volume of perishable rail freight moved during the first 8 months of 1949 was approximately the same as that for the corresponding period in 1948.

## SAFETY WORK AND ACCIDENTS

### RAIL

The number of persons killed and injured in accidents involving train operation (train and train service accidents) in 1948 totaled 3,572 killed and 25,698 injured, as compared with 3,944 killed and 29,145 injured in 1947. There was a further reduction in these accidents in the first 6 months of 1949 as compared with the corresponding period in 1948, as shown in the following statement:

#### *Train and train service, 6 months January-June*

Class of persons	Number of persons killed		Number of persons injured	
	1949	1948	1949	1948
Trespassers.....	518	617	437	439
Employees on duty.....	163	235	6,010	8,207
Passengers on trains.....	11	27	1,173	1,954
Travelers not on trains.....	2	1	17	36
Others.....	758	801	2,239	2,503
Total.....	1,452	1,681	9,876	13,139

The volume of railway traffic in the first half of 1949 as measured in revenue ton-miles and passenger miles declined 11.7 percent and 12.6 percent, respectively, from that of the same period in 1948. This decline in traffic may be compared with the drop in the total casualties in train and train-service accidents of about 24 percent in the same period.

Under the Locomotive Inspection Act all accidents resulting from failure from any cause of any part of any locomotive or tender used on the line of a carrier subject to the act which result in death or serious injury to one or more persons are required to be reported by the carrier owning or operating the locomotive. We investigate each of these accidents, if possible ascertain the cause, and take appropriate action to guard against recurrence. Comparative data covering locomotive accidents are given in the following tabulation:



	Steam locomotives			Locomotives other than steam (units)		
	Year ended June 30—		Percent decrease	Year ended June 30—		Percent increase
	1949	1948		1949	1948	
Year ended June 30:						
Number of accidents.....	228	341	33.1	49	41	19.5
Number of persons killed.....	10	15	33.3			
Number of persons injured.....	243	361	32.7	67	50	34.0

It will be noted that accidents involving steam locomotives decreased, and accidents involving locomotives other than steam increased as compared with the preceding year. The decreasing number of steam locomotives in service and the increasing number of locomotive units other than steam are indicated in the following statement:

*Number of locomotives for which reports were filed for fiscal years ended June 30*

Period	Steam locomotives	Locomotives other than steam (units)
Year 1949.....	33,866	12,692
Year 1948.....	37,073	9,803
Year 1947.....	39,578	7,805

Our reports for the last 3 years have outlined the progress made in the investigation which we instituted in 1946, Docket No. 29543, regarding the need for greater protection for high-speed train operation. As stated last year hearings have been had on all petitions for exemption from or modification of our order in this proceeding. In some of these cases reports and amending orders have been issued, and others are pending. On a number of roads the required installations are in progress.

Under the Accident Reports Act, approved May 6, 1910, we have investigated the more serious railroad accidents during the past 5 years, as follows:

Year ended June 30—	Number of accidents investigated			Persons	
	Collisions	Derailments	Total	Killed	Injured
1949.....	46	23	69	80	1,210
1948.....	52	28	80	106	1,624
1947.....	74	40	114	214	2,984
1946.....	73	20	93	205	3,566
1945.....	71	26	97	311	2,301

Under existing law we are authorized to investigate accidents and to make reports on such investigations, including such recommendations as we deem proper. By bills now pending before the Congress (H. R. 378 and S. 238), upon which hearings have been held, our authority to require the correction of unsafe conditions would be enlarged. These bills also propose to extend our jurisdiction over wayside or train communication systems as indicated in the chapter on Electronics in Transportation.

#### MOTOR

The number of accidents reported continues to increase from year to year. This is partly due to better compliance with our reporting requirements and in part to the greater exposure resulting from more extensive interstate operations by reporting motor carriers. In the past year reports were received from 660 carriers which had never previously reported accidents. Truck and tractor mileage reported by 1,007 class I carriers of property, who furnished comparable data for the 2 years, showed an increase of nearly 20 percent in 1948 over 1947. Similar figures for 351 class I carriers of passengers showed an increase of about 4 percent in 1948 intercity bus mileage over 1947. These mileage increases approximate the increases in the accidents reported by the two branches of the motor-carrier industry, considered separately.

There were 21,419 accidents reported in 1948 as compared to 18,775 in 1947, an increase of approximately 14 percent. These statistics relate only to accidents involving personal injury or death and those in which there is property damage to the apparent extent of \$100 or more reported by common and contract motor carriers. The figures do not include other accidents involving vehicles of common and contract carriers nor accidents of private or exempt carriers. The accidents reported resulted in 1,501 fatalities as compared with 1,382 in 1947, an increase of 9 percent in 18,677 injuries as compared with 17,367 in 1947, an increase of 8 percent and in property damage of \$24,679,182 as compared with \$19,624,532, an increase of 26 percent.

The number of reported accidents caused by mechanical defects decreased from 1,382 in 1947 to 1,320 in 1948, the decrease being 5 percent. There was a relatively small decrease in the number of fatalities in such accidents but a substantial decrease in the number of injuries (953 in 1948 as compared with 1,193 in 1947). There was also a 9 percent decrease in the amount of the property damage in 1948 (about \$2,750,000 in 1948 as compared with about \$3,000,000

in 1947). As in all previous years defective brakes and tires continue to be predominant in mechanical-defect accidents.

The number of reported accidents involving fires increased from 525 in 1947 to 569 in 1948, the increase being 9 percent; the number of fatalities in such accidents increased 50 percent (from 118 in 1947 to 177 in 1948); the number of injuries increased 20 percent (from 433 in 1947 to 521 in 1948); and the amount of the property damage from over \$4,800,000 to more than \$5,100,000 in 1948. Except that the number of injuries reported in fire accidents in 1946 was slightly greater than in 1948, in every respect 1948 results were the largest ever to have been reported.

Again in 1948 the number of accidents reported by common and contract motor carriers subject to our regulation, and the resultant casualties, have increased substantially during a period marked by a national decrease in motor-vehicle accident fatalities of 2 percent, as reported by the National Safety Council.

The safety problem of such regulated carriers is an ever-increasing percentage of the national highway safety problem. Our efforts to use our small safety staff to effect the highest possible degree of compliance with our safety regulations and proper safety practices have been concentrated on those carriers having the poorest records with respect to accident experience and compliance with the regulations, those transporting cargoes of high inherent hazard such as explosives and highly inflammable commodities, and passenger carriers; During the year a large number of serious bus accidents occurred, some resulting in fires in which many passengers were burned to death. A study of the operating practices of these carriers is being made, designed to provide changes which will reduce the possibility of recurrences, and regulations concerning the design of busses to minimize the dangers resulting from such accidents are under consideration.

Administrative action has been taken to improve the safety practices of motor carriers, to prosecute for violations of our safety regulations where administrative action has proved to be ineffectual, and to apply like measures to the betterment of inspection and maintenance practices, generally and especially in such cases where lack of proper maintenance is the principal cause. Special attention is given to effect remedies in cases of excessive hours of service, or in cases involving other bad driver practices such as poor physical condition of drivers, illness or excessive fatigue, eccentric behavior, cases involving physical defects, etc. In this connection our safety staff participates in instruction in schools having to do with instruction of fleet operators, drivers, maintenance personnel, as well as instructing



various groups concerning special subjects pertaining to highway safety.

In 1948 special attention was given to numerous applications from motor carriers for operating authority, both temporary and permanent, covering the transportation of explosives, as well as applications for transfer of such authority. The safety records of the applicants are given close scrutiny, and applications have been denied where it appeared from the evidence that the parties had not demonstrated fitness to perform this hazardous work on the public highways.

We have been able to give little attention to private carriers and carriers of agricultural and other exempt commodities, that are subject to none of our regulations except those relating to safety of operation and maximum hours of service. In a few cases, we have initiated prosecutions of such carriers for flagrant violations of the regulations, but much important work remains to be done in that field.

#### ELECTRONICS IN TRANSPORTATION

In our last annual report it was stated that the train communication installations on the lines of the Missouri Pacific Railroad Co. and the Pennsylvania Railroad Co. mentioned in former reports had been completed.

The installation on the Missouri Pacific is on 193 miles of road between McGehee, Ark., and Alexandria, La.

The installations on the Pennsylvania are on 274 miles of road between Harrisburg and Pittsburgh, Pa., and on 104 miles of road between Columbus and Sandusky, Ohio. In the past year additional installations have been made on 350 miles of line between Baltimore, Md., and Harrisburg, Pa., between Harrisburg and Williamsport, Pa., and Elmira, N. Y., and between Williamsport, Lock Haven and Tyrone, Pa. Installations are also being made on other divisions.

An installation on 234 miles of the Atlantic Coast Line Railroad Co. between Rocky Mount and Wilmington, N. C., and between Wilmington, N. C., and Florence, S. C., mentioned in previous reports, is still in progress.

In connection with the annual reports of the carriers showing block-signal systems, interlocking and automatic train-stop, train-control, and cab-signal devices in use as of January 1, each year, a form was included last year for showing train communication systems in service. Returns show that as of January 1, 1949, there were 38 installations falling under our definition of train communication systems in service on line of road of 22 different railroads and 84 installations providing communication between fixed stations and switching engines in yard and terminal service on 41 railroads.

The 38 line-of-road installations comprise 17 employing space radio, 9 inductive systems, 2 systems using both inductive and space radio equipment, 6 end-to-end communication installations employing wire connections through the train, and 4 installations providing radio telephone service for passengers through mobile radio services provided by communication common carriers.

The 84 yard and terminal installations consisted of 64 radio systems, 15 inductive systems, and 5 installations using leased radio services.

Considering line-of-road and yard and terminal installations together, an over-all summary showed there were 122 installations of train-communication systems of all kinds in service on 46 railroads.

For the past 3 years we have recommended that section 25 of the Interstate Commerce Act be amended so as to authorize us to require any carrier subject to that section to install and maintain telegraph, telephone, radio, inductive, or other wayside or train-communication systems intended to promote safety of railroad operation. H. R. 378 and S. 238 introduced in the Eighty-first Congress and now pending would carry this recommendation into effect.

#### LAWS RELATING TO RAILROAD LABOR

As shown in our annual reports for previous years, the Railway Labor Act, the Railroad Retirement Act, the Railroad Unemployment Insurance Act, and the Carriers Taxing Act authorize us, under certain conditions, to determine whether any line operated by electric power falls within the terms of the provisions of these statutes, which exempt street, interurban, or suburban electric railways therefrom. On petition filed during the current year we found that the Baltimore & Annapolis Railroad Co. did not fall within the terms of the exemption provision of section 1 (first) of the Railway Labor Act. A petition of the respondent carrier for reopening and reconsideration is pending.

The Railway Labor Act also authorizes us to amend or interpret our orders defining the work of employees and subordinate officials of common carriers by railroad. During the current year no petitions were filed requiring action by us with respect to this part of the statute.

A proceeding of collateral interest in the matter of railroad labor is No. 29901, Status of Allegheny & South Side Railway Co., now before the entire Commission on reconsideration. The issue presented is whether respondent is a common carrier subject to the Interstate Commerce Act. The Brotherhood of Railroad Trainmen contends that respondent is such a common carrier and has intervened to support its view that respondent is an employer and a carrier as those



terms are used in the Railway Labor Act and certain Federal social security laws relating to railroad employees.

### WATER COMPETITIVE RAIL RATES

In the past several years we have initiated a number of proceedings and reopened many others for the purpose of reviewing as speedily as practicable numerous rail and rail-water rate adjustments where the water competition was an important factor. The result has been the vacation of many orders which had authorized departures from the fourth section originally granted before the war on the ground of water competition. In addition certain rail rates between the ports were increased beyond the level necessary to comply with the fourth section and beyond the substantial general increases authorized by us, which have carried the over-all average rail-rate level to 157.3 percent of that in effect on June 30, 1946.

Of the reopened proceedings, in which rail carriers had been granted relief on account of ocean competition, all but nine have been determined. Of the reopened proceedings relating to barge competition all but 14 have been determined. In 12 of the remaining 23 proceedings final reports are in the course of preparation, and 10 proceedings have reached the proposed report stage.

The three investigations into the transcontinental rail rates and the related intercoastal water and rail-water rates (Nos. 29663, 29664, and 29708) were the subject of a report in the summer of 1947, *Transcontinental Rail Rates*, 268 I. C. C. 567, and have been held open since for such further proceedings as might be requested by the water lines, but pending the determination of the series of rail applications for authority to make general increases in the rail rates, the parties have been content to let the proceeding rest. The two investigations into the lawfulness of the rail rates along the Pacific coast and the related coastwise adjustment (Nos. 29721 and 29722), embracing also a number of fourth section applications and outstanding fourth section orders, were also the subject of a report, *All-Rail Commodity Rates between Calif., Oreg., and Wash.*, 268 I. C. C. 515. The revision resulting from that report and the orders entered therewith resulted in the elimination of all fourth-section relief based on water competition along the Pacific coast and in the further revision of the rates under the admonition of the report to remove any unjustified or unwarranted disparities between the rates from and to the ports as compared with those from and to interior points.

Despite these revisions and the substantial general increases in the rail rate level, the results proved unsatisfactory to the Pacific coast water lines, and during the past year the proceeding was further heard



and submitted on oral argument. A final report is in the course of preparation.

Other proceedings reopened at the request of the water lines include No. 13535 and related dockets, *Consolidated Southwestern Cases*, in which we had prescribed maximum reasonable ocean-rail rates between eastern seaboard territory and points in the Southwest. Upon further hearing, 276 I. C. C. 349, the outstanding orders were modified so as to permit the establishment of the increased rates sought by certain Atlantic-Gulf lines. In No. 28090, *Tex-O-Kan Flour Mills Co. v. Abilene & S. Ry. Co.*, 255 I. C. C. 5, 263 I. C. C. 91, we had prescribed maximum reasonable rail-water rates on grain and grain products from southwestern producing points to the North Atlantic ports. Upon petition of the water-carrier defendants we had reopened the proceeding for further hearing, but after several postponements of the hearing at the request of the parties, they agreed to the vacation of the outstanding order and the hearing was canceled.

The disposition of the foregoing rate proceedings clears the way for the further hearing of No. 27969, *Agwilines, Inc. v. Akron, C. & Y. Ry. Co.*, 248 I. C. C. 255, 266 I. C. C. 78, and 269 I. C. C. 261, in which we prescribed reasonable and equitable divisions of joint ocean-rail class rates and certain commodity rates between the Southwest and the Atlantic seaboard. These proceedings were reopened and set for further hearing some time ago, but upon request of the water lines the further hearing was postponed until after the reopened rate proceedings have been determined.

#### REVOCATION OF WATER CARRIER CERTIFICATES OR PERMITS

At pages 50-51 of our annual report for 1947 we discussed the lack of a provision in part III of the act for revocation of water-carrier certificates and permits. Our records show that out of a total of 337 outstanding water-carrier operating authorities 85 are not being used. In some important trades the present water-carrier service is far below the prewar service in number of vessels and operators. The existence of dormant rights which may be revived in the future is a deterrent to the institution of new operations and also adds to the difficulty of properly administering part III in respect of the issuance of new operating authorities.

Some of the prewar operators have found it impracticable or inexpedient to attempt to resume operations in the face of adverse conditions which have prevailed since the war and such operators should have reasonable protection against loss of their operating rights. On the other hand, it is not in the public interest that unused operating authorities be held indefinitely regardless of the reasons for their

nonuse. We believe that we should have authority to determine upon the facts of each case whether operating rights should be revoked for nonuser. Accordingly, we believe consideration should be given to an amendment to part III of the Interstate Commerce Act which would add thereto revocation provisions similar in substance to those in section 212 (a) of part II and section 410 (f) of part IV.

### STANDARD TIME ZONE INVESTIGATION

By orders in this proceeding effective August 14 and 28, 1949, the limits of the United States standard eastern time zone were modified so as to embrace two additional counties in Tennessee, which had theretofore been in the central zone. The earlier order extended the eastern zone to include Hamilton County, of which Chattanooga is the county seat, and 2 weeks later Rhea County, adjoining Hamilton County on the north, was added. The reports leading to these modifications appear in 274 I. C. C. 695 and 276 I. C. C. 128.

The situation there met again demonstrates the inadequacy of the Standard Time Act (15 U. S. C. 261-265) and of our authority under it to accomplish its purpose. We have from time to time recommended that Congress broaden the scope of that act so as to provide a single standard of time for each zone and to require its observance for all purposes.

### WAYBILL ANALYSIS

There has been a substantial improvement during the past fiscal year in the accuracy of our waybill sample. This is attributable in a considerable degree to the cooperation of the carriers. During the year the roads furnished our waybill unit with a statistical statement for a recent 12-month period showing the number of waybills issued by each station in each waybill series of numbers. These data were used to revise our adjustment factors, thus improving the 1-percent sample where changing traffic conditions had not been fully reflected in the tabulations. Additional carriers also changed their waybill numbering systems from a monthly to a continuous block method irrespective of time, thus reducing the total number of waybills received and effecting corresponding reductions in cost to those carriers involved and in the time and cost required for processing by our own staff. In addition, such changes have effected an automatic improvement in the quality of the sample because of the elimination of the statistical adjustments which are necessary to remove the effect on the waybill sample of those bills received in excess of 1 percent. Such an excess is inevitable in the case of any road using a monthly numbering system. Continuing comparisons between the 1-percent sample of the terminated bills filed by each carrier and their corres-

ponding quarterly reports of freight commodity statistics have also led to some improvement in the quality of the waybill sample.

The first two series of tabulations for the entire year 1947 were those for bituminous coal, which were released late in 1948, showing (1) State-to-State distribution of traffic and revenues and (2) rate territorial distribution of traffic and revenues, together with certain averages. In January 1949 a third table for bituminous coal was issued, showing traffic and revenues by territorial movements, short-line length of haul (mileage blocks), and type of rate.

Similar tables showing territorial distribution of the total 1947 traffic and revenue for each of the 261 carload commodity classes were also completed and released. Traffic and revenue tabulations for 1947 by length of haul (mileage blocks) similar to the one for bituminous coal have also been issued for all the commodity classes in all commodity groups except manufactures and miscellaneous. Tabulations of the 1947 figures for the commodity classes in this last group have been completed and will be released after final checking.

The first table showing the distribution of freight traffic and revenue averages by commodity classes for the total 1948 terminated traffic was issued in July 1949. Several of the initial tabulations of traffic and revenues by commodity classes and by mileage blocks for 1948 have already been completed. Publication of these tables will shortly begin.

There is considerable demand for data showing State-to-State and even city-to-city movements of traffic in the 261 individual carload commodity classes or subdivisions thereof. From the inception of our waybill work the State-to-State distributions of traffic by commodity classes have been an integral part of the program. Before any such analyses can be made, however, it is necessary to develop some method of tabulating the data which will prevent disclosures of the business of consignors and consignees which might be contrary to the provisions of section 15 (11) of the act.

Inability to fill the personnel vacancies in our waybill unit has necessitated some reduction of the program of that section. The quarterly statement showing State-to-State distribution of tonnage by commodity groups has been discontinued and certain internal checking procedures have been curtailed. As these checking procedures are important to the integrity of the sample, it will be necessary to restore these as soon as possible. Elimination of the State-to-State distribution tabulation reduces the number of regular quarterly releases from three to two. One of these two shows the distribution of freight traffic and revenue averages for the United States for each of the 261 carload classes. The other shows the distribution of freight traffic and revenue territorially and interterritorially for each of the 5 principal



commodity groups and for each of the 68 individual commodity classes which yielded in excess of \$25 million of revenue annually.

#### RECOMMENDATIONS OF THE COMMISSION ON ORGANIZATION OF THE EXECUTIVE BRANCH OF THE GOVERNMENT

We wish here to report to the Congress our satisfaction with the thoroughness, diligence, and ability manifested by the task force, and the statesmanlike approach and consideration of our problems by the Commission on Organization of the Executive Branch of the Government. We concur in most of their recommendations concerning the Interstate Commerce Commission. In the spirit of cooperation and only with a desire to be helpful, some comments are herewith submitted. It is particularly with reference to recommendation No. 1 that some suggestions are offered in the firm belief that they will be of interest to the Congress.

The report expresses the belief that the independent regulatory commissions have a proper place in the Government—a place very like that originally conceived—but states that the role of these commissions as originally established has not been adequately fulfilled. In summarizing the reasons for this condition, the report, after mentioning the importance of the usual requirement that not more than a majority of a particular commission may be of the same political party and the importance of adequate salaries to the obtaining of qualified commissioners, emphasizes (1) that purely executive duties have been imposed upon the commissions with the results that these duties have sometimes been performed badly and that the necessity of performing them has interfered with the performance of the strictly regulatory functions, and (2) that the quantity of regulatory work at the top level has been so great that the commissions have often neglected their promotional and planning functions. In connection with this latter condition, the report points out that there has not been sufficient delegation of work to the staff, this being due in part to legislative restrictions and in part to poor internal organization; that unnecessary red tape has crept into the procedures; and that administrative direction and guidance of the general program of activity has not developed within the commissions, their chairmen being too frequently merely presiding officers at commission meetings.

To remedy the conditions referred to, the report makes 12 recommendations. We regard the most important of these applicable to the Interstate Commerce Commission to be Nos. 1 and 10. No. 10 reads as follows:

that equipment inspection, and the functions of the Interstate Commerce Commission relating to safety and car service should be transferred to the Department of Commerce.

We shall not at this time make any comment on this recommendation, in the belief that if and when any bill or plan of reorganization should include this recommendation, we will then be called upon for necessary or helpful factual data.

In this report we shall briefly call attention to Recommendation No. 1:

that all administrative responsibility be vested in the chairman of the commission.

This is now the subject of two bills, S. 2073 and S. 2330, concerning which we have submitted our views.

We do not believe there is any particular magic in the title of chairman. We assign to our chairman general duties of presiding and coordinating such as any Commissioner can carry for a year in addition to his regular duties. For that reason it is convenient to rotate this responsibility among the Commissioners. In this way a more detailed supervision and guidance of particular bureaus is left for longer periods with an individual Commissioner, and all of the general work involved—budget, personnel, carrying out policies through service, and the like—is carried by a permanent and experienced administrative official with the title of secretary of the Commission. This official works daily with the administrative division of the Commission, with other divisions and individual Commissioners, and the entire Commission, as the occasion may arise.

#### **HEARING EXAMINERS UNDER ADMINISTRATIVE PROCEDURE ACT, SECTION 11**

In recent annual reports we have noted that pursuant to section 11 of the Administrative Procedure Act we designated certain of our examiners conditionally as hearing examiners, pending their further qualification in accordance with regulations of the Civil Service Commission. That Commission appointed from outside its staff a board of consultants to assist in determining qualifications, and the combined results of the deliberations finally were announced by the Civil Service Commission in March of this year. Under those findings, 12 of our conditionally designated examiners were reported to us as being found disqualified, 2 as lacking minimum experience requirements, and 10 on the ground of "over-all characteristics," they being found "not to possess the experience, character, or capacity necessary to serve as hearing examiners."

All of the 12 appealed from their disqualification ratings, and we communicated to the Civil Service Commission our satisfaction with the qualification of the examiners in question, and represented that their displacement would mean a serious loss in our work.

Thereafter the Civil Service Commission, following reconsideration by its board of consultants, reversed the disqualification findings

representing 10 of the 12 examiners in question. On June 17, 1949, the appeals of the remaining two examiners, which were supported by this Commission and by oral testimony of two of its members, as well as by the testimony of a number of practitioners, were heard by a board of the Civil Service Commission. Announcement has since been made by the Civil Service Commission of the granting of both of those appeals. Thus the disqualification findings have been reversed as to all of the 12 examiners, and the whole list of persons appointed by us as hearing examiners have been found qualified.

This long-continued delay and uncertainty has had, to say the least, an unfortunate and discouraging effect upon the morale of the whole corps of our examiners, both those appointed as hearing examiners under section 11 of the Administrative Procedure Act and the larger number who were appointed and are serving under the antecedent and still effective provisions of the Interstate Commerce Act. Particularly is this so because of a movement from the outside for the degrading of the examiners in the latter class, as compared with the classification assigned to section 11 hearing examiners, on the theory that the work of trial and of reviewing examiners (including the office aides to individual commissioners) is of lesser importance than we, and also the Civil Service Commission until this time, have considered it to be. We are impelled to report our conviction that the division of our examining force into two sharply drawn groups, one subject to our discipline and the other removable only on formal hearing before the Civil Service Commission, the one in salary grades initially fixed by us, and according to ratings found by us, and the other at salaries prescribed by the Civil Service Commission independently of our recommendations or ratings, is not in the interest of good service or just to the employees. As time goes on, the difficulties of the situation will be aggravated with the loss or retirement of the older examiners and the dilution that follows the necessity for resort to different employment of examiners from different registers, and the foreclosing of opportunity for promotion within our ranks. We feel the unfavorable result of the provision of the Administrative Procedure Act that precludes hearing examiners from performing any inconsistent duties, to which we might otherwise assign them because of the needs of the whole service for which we are responsible to Congress, and that this will impair the flexibility in assignment of work that is essential to prompt and economical performance of our functions.

#### COMMISSION ACTIVITIES: REGULATION OF SURFACE CARRIERS

The regulatory powers of the Commission over surface carriers and their transportation services, and all of the Commission's duties in



connection therewith, are granted and imposed by acts of the Congress, the principal ones being those now included in the four parts of the Interstate Commerce Act. In extending the statutory scheme over the past 62 years, the Congress has granted the Commission authority only when it was shown to be needed in the public interest; and regulation by the Commission has been governed and controlled entirely by the policies expressed from time to time by Congress, the latest of which appears in the national transportation policy.

Development of the Commission's functions necessarily has followed the development of the law itself, and activities under those functions have increased with the increase in powers and duties. The development of the act was traced in detail in the volume published in 1937 in observance of the fiftieth anniversary of the creation of the Commission, and in our fifty-fourth and sixty-first annual reports. Since 1947 the act has been amended in numerous particulars, the more important of which confer on us the authority, in section 20b, to approve voluntary railroad financial adjustments, and, in section 5a, the authority to approve rate agreements between carriers granting concurrent relief from the provisions of the antitrust laws. Our regulatory activities center in the main on the rates, fares, charges, and related practices of the carriers under our jurisdiction, and on their entry into and discontinuance of service, financial practices, accounting practices, safety of operations, and car service, with authority to receive and consider applications and complaints, institute and conduct investigations, and conduct litigation as necessary to further the discharge of our duties. A necessary adjunct to our regulatory functions embraces the compilation of statistics and the conduct of research.

At the present time the membership of the Commission is divided into five divisions, pursuant to authority contained in section 17 of the act: Division 1, administrative matters; division 2, rate, tariff, and valuation matters; division 3, rate, service, and safety matters; division 4, finance matters, and division 5, motor-carrier matters. For administrative purposes we have created 15 separate bureaus to assist in carrying out the duties and functions entrusted to us. Detailed reports of the operations of each of these, except the Bureau of Administration, are included elsewhere in this report.

#### RATE ACTIVITIES

Common carriers by rail, pipe line, motor vehicle, and water which are subject to our jurisdiction, and express and sleeping-car companies and freight forwarders, are required to file with us schedules naming their rates, fares, and charges for all services publicly performed by them, and are forbidden by law from deviating therefrom. Such

rates must be reasonable and just, and may not be unduly preferential of, prejudicial to, or discriminatory against any particular person, port, port district, gateway, transit point, locality, region, district, territory, or description of traffic in any respect whatsoever. The carriers are charged with the duty of promulgating lawful rates, and tariffs and schedules filed with us may be changed or amended upon statutory notice to the public, or on lesser notice as determined by us.

Contract carriers by motor vehicle and water are required to file with us schedules naming the minimum rates, fares, and charges actually maintained and charged for interstate and foreign transportation services, and may not lawfully charge rates less than those so named. These carriers are charged with the duty of maintaining reasonable minimum rates, and the schedules may be changed on statutory or lesser notice as in the case of the schedules of common carriers.

As can be seen, the provisions of the act briefly mentioned above place the primary responsibility for the establishment of lawful rates upon the carriers themselves. We have promulgated rules and regulations governing the form and content of the carriers' schedules, permitting deviation therefrom only on a showing of necessity. Enforcement of the provisions of the act and our regulations thereunder concerning rates is accomplished through our examination of the schedules as filed, and through complaints, protests against permitting schedules to become effective, or investigations instituted on our own motion or upon complaint. We are authorized to suspend the effectiveness of schedules filed with us for a period of 7 months, and to enter upon investigations as to whether the rates and charges named therein, or the rules and regulations affecting them, are in violation of any of the provisions of the law.

Rail and water carriers are prohibited from charging more for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included in the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates. We may, however, upon application and a showing in conformity with the statute, grant relief from these provisions.

Our Bureau of Traffic performs the initial examination of the schedules as filed, and is authorized to reject any for failure to comply with the act as to notice or with our tariff regulations. Included within this Bureau are two boards, the Board of Suspension and the Fourth Section Board. The first gives preliminary consideration to protests against new schedules and makes recommendations to the proper division as to whether or not the suspension power should be exercised. The Fourth Section Board gives initial consideration to

applications under section 4 of the act for relief from its provisions, and makes appropriate recommendations to the proper division as to disposition. In the case of section 4 applications requiring hearing, the Bureau of Formal Cases, through its examiners, conducts the hearings, and prepares examiners' proposed reports and reports for the consideration of the Commission or a division thereof disposing of the applications.

The Bureau of Traffic also gives consideration to the disposition of requests by carriers for special permission to deviate from the requirements of our tariff regulations, and advises the Commission and others as to matters of tariff interpretation.

The conduct of proceedings instituted by complaints of shippers or others against carrier rates and related practices, by suspension of schedules, or by general or special investigations upon our own motion, is entrusted to the Bureau of Formal Cases, or to the Section of Complaints of the Bureau of Motor Carriers in cases involving rates of motor carriers only. Except in cases requiring participation by the Commissioners themselves, hearings are presided over by examiners, they issue proposed reports containing findings of fact and conclusions to which exceptions may be filed, and the staff of the Bureau or section thereafter prepares and submits to the Commission or the appropriate division a draft of a report proposing disposition of the particular proceeding.

Upon a finding of violation of the law by common carriers in a rate proceeding, we are authorized by the act to prescribe the maximum or minimum rate, or the maximum and minimum, found to be reasonable, and may order the discontinuance of practices found to be unlawful, or the institution of services as necessary to assure compliance with the law. In this connection, carriers by rail and water are required by the statute to provide through service between and among themselves, and carriers of passengers by motor vehicle are likewise required to establish reasonable through routes with each other, all being under a statutory duty to furnish the facilities necessary. As to contract carriers, our power is limited to the prescription of reasonable minimum rates.

In the decision of rate proceedings, the Bureaus of Transport Economics and Statistics, Accounts and Cost Finding, and Valuation perform a vital service, providing analyses of technical and cost data, and statistical studies as necessary to a proper determination of the issues.

Many of the complaints received by us are of an informal nature, or do not require the procedure of formal hearing by reason of the willingness of the carriers and shippers to submit their differences for in-



formal adjustment. Such complaints are handled by the Bureau of Informal Cases.

Applications for approval of rate agreements between carriers under the recently enacted section 5a of the act are assigned to the Bureau of Water Carriers and Freight Forwarders for administrative handling, and to the Bureau of Formal Cases for the conduct of hearings and the preparation of reports for submission to the Commission.

#### CARRIER ENTRY AND ABANDONMENT

We are granted broad powers to regulate the institution of new services by all types of carriers under our jurisdiction. Common carriers by rail are required to obtain from us certificates of public convenience and necessity for construction, extension, or operation of lines. Carriers by motor vehicle and water must also obtain from us such certificates for operation of lines, entry into new territories, or for authority to transport new commodities. Contract carriers by motor vehicle and water must likewise secure from us permits for the institution of new operations, and freight forwarders require permits before the inauguration of new services. In the case of transportation by motor vehicle, we are also empowered to issue licenses to brokers of transportation services. In general, common carriers, in order to secure certificates, must show, in appropriate proceedings, that the public convenience and necessity require the institution of the operations proposed by them, while others need only show consistency with the public interest or with the national transportation policy in order to secure the requisite operating authority.

Rail carriers may not abandon any portion of a line of railroad or the operation thereof except on a showing that the public convenience and necessity permit of such abandonment. All others may abandon the services performed by them, but the abandonment of service may result in the revocation of their outstanding operating authority, through proceedings instituted upon complaint or upon the Commission's own motion, with the exception of water carriers. As to the latter, the act confers on the Commission no authority to revoke certificates or permits.

Applications by rail carriers for authority to construct and operate new lines, to acquire or operate existing lines, or to abandon service over any lines, are assigned to the Bureau of Finance. The staff of this Bureau conducts hearings and prepares reports for submission to the Commission disposing of such proceedings. Like functions are performed by the Section of Complaints of the Bureau of Motor Carriers in the case of applications by carriers by motor vehicle and brokers. Water-carrier and freight-forwarder applications are proc-

essed in the Bureau of Water Carriers and Freight Forwarders, except in those cases where hearings are necessary, in which case the Bureau of Formal Cases conducts the proceedings.

By reason of the requirements of the Administrative Procedure Act, relating to the separation of prosecutive and judicial functions, motor-carrier proceedings brought on our own motion for the revocation of operating authority, wherein an employee of the Bureau of Motor Carriers performs any investigative or prosecuting function, are assigned to the Bureau of Formal Cases for handling.

In view of the large number of applications received and considered, and the numerous authorities which consequently must be prepared and drawn, initial administrative handling of motor-carrier applications, and the preparation of motor-carrier certificates and permits and brokers' licenses is performed by the Section of Certificates of the Bureau of Motor Carriers.

In order to provide for immediate service where necessary, we are given authority to grant temporary operating rights, common or contract, to water and motor carriers where urgent need is shown for service to a point or points or within a territory having no carrier service capable of meeting such need, without formal proceedings. Upon the filing of applications for such authority, investigations are conducted by our field staffs to determine the urgency of the particular situations, followed by appropriate recommendations as to grant or denial. The Section of Certificates of the Bureau of Motor Carriers reviews such applications by motor carriers, and makes recommendation to the appropriate division of the Commission for disposition. In the case of water-carrier applications, the Bureau of Water Carriers and Freight Forwarders performs similar functions.

#### CARRIER FINANCIAL PRACTICES

In the field of carrier finance, expansion through acquisition and control, and intercarrier agreements, the Commission is vested with extensive authority over the carriers subject to its jurisdiction. Agreements between surface carriers of all types for the pooling of traffic, services, or earnings are made unlawful by the act unless approved by us. Transactions involving rail carriers and express- or sleeping-car companies, water carriers, and motor carriers operating more than 20 vehicles, whereby 2 or more carriers seek to consolidate or merge their properties; a carrier, or 2 or more carriers jointly, to purchase, lease, or contract to operate the properties of another; a carrier, or 2 or more jointly, to acquire control of another through ownership of stock or otherwise; a person which is not a carrier to acquire control of 2 or more carriers through ownership of stock or otherwise; a person which is not a carrier, but has control of 1 or

more carriers, to acquire control of another; or a carrier by railroad to acquire trackage rights over, or joint ownership or use of, the lines of another such carrier, require our approval before they may lawfully be accomplished or consummated. In connection with such transactions, we may require that noncarrier persons who come into control of carriers be made subject to our jurisdiction in certain respects.

Rail carriers, motor carriers, and sleeping-car companies within certain limitations, may not issue securities without our approval. Rail carriers are prohibited from acquiring control of or having any interest in competing water carriers which operate through the Panama Canal or elsewhere, except that in the case of water carriers not operating through the Canal we may authorize the acquisition of such control or interest under conditions specified in the act. Railroad reorganizations, both voluntary and involuntary under the Bankruptcy Act, require our approval, as well as loans to rail carriers by the Reconstruction Finance Corporation. In the case of rail carriers and sleeping-car companies also, the holding by any person of the position of officer or director of more than one carrier requires the approval of the Commission.

The act includes provisions for the transfer, with our approval, of certificates and permits issued to motor and water carriers and freight forwarders, and we have established by regulation a procedure for the transfer of brokers' licenses. Motor carriers are required by the act to file with us evidences of security for the protection of the public, either in the form of insurance policies covering bodily injury, property damage, and cargo insurance, or by qualifying as self-insurers.

In the consideration of carrier consolidation, merger, control, and purchase transactions, and in connection with the transfer of freight-forwarder permits, we are required to consider the interest of carrier employees affected, and in cases involving rail carriers and freight forwarders are authorized to impose conditions upon the parties tending to preserve such interests.

In the performance of the regulatory functions detailed above, the Bureau of Finance has been assigned all matters concerning rail and water carriers (except pooling by rail carriers), and applications of motor carriers for approval of the issuance of securities. Proceedings involving pooling by rail carriers and proceedings under the provisions of the Panama Canal Act are usually handled by the Bureau of Formal Cases. The processing of applications by motor carriers, or by rail or water carriers where a motor carrier is involved, for approval of consolidation, merger, purchase, and control transactions is the responsibility of the section of complaints of the Bureau of Motor Carriers, and generally securities applications which are related to



such transactions are consolidated therewith. The section of certificates of the same Bureau handles preliminary matters concerning such applications, and handles all matters concerning the transfer of motor-carrier certificates and permits. The section of insurance of the Bureau of Motor Carriers handles all matters concerning the filing by motor carriers of evidence of security for the protection of the public, and in connection therewith investigates the financial stability of insurance companies providing protection for motor carriers. Transfers of freight forwarder permits are assigned to the Bureau of Water Carriers and Freight Forwarders.

In the case of motor and water carriers, we are authorized to grant temporary authority for operation of properties by the acquiring carrier where an urgent need is shown, and these matters are handled by the section of certificates and the Bureau of Water Carriers, and Freight Forwarders, respectively, hearings in proceedings before the latter, unless held by the director, being held by the Bureau of Formal Cases. We are also authorized in case of such carriers to grant temporary approval, pending determination of applications for approval of consolidations, mergers, et cetera, of the operation of properties by persons proposing to acquire them. These matters are handled by the section of complaints and the Bureau of Finance, respectively.

#### CARRIER ACCOUNTS

In aid of the various regulatory functions performed by the Commission, it is vested with authority to prescribe uniform systems of accounts for all carriers and others subject to its jurisdiction, and to require the submission of accounting reports. Regulations have been promulgated prescribing such accounting systems, except for certain classes of motor carriers. In conjunction therewith, the disposition of accounts and records of carriers is also regulated. In addition, we may prescribe, for various types of carriers, the classes of property for which depreciation charges may properly be included under operating expenses, and the rates of depreciation which shall be charged.

Through the Bureau of Accounts and Cost Finding, our systems of uniform accounts for carriers and companies subject to the act are administered. This Bureau enforces the regulations adopted and supervises the preparation of accounting statements. It deals with accounting problems submitted by carriers and shippers concerning changes in the accounting systems made necessary by changing conditions. The Cost Section of this Bureau conducts cost studies and prepares cost analyses required by the Commission and its examiners in connection with various proceedings.

## SAFETY ACTIVITIES

In the interests of safe operation by rail and motor carriers, the Congress has established certain statutory provisions, and in connection therewith has charged us with certain duties and has vested in us numerous powers. Cars and locomotives used on railroads engaged in interstate commerce are required by law to be equipped with prescribed safety appliances, in conformity with specifications as to the number, dimensions, location, and manner of application prescribed by us. Limitations upon the hours of service of railroad employees engaged in or connected with the operation of trains are established by law. Railroad accidents are required by law to be reported to the Commission, and we are authorized to investigate such accidents and to make reports thereon including recommendations as to corrective and preventive measures which we deem appropriate. And we are given broad powers with respect to signal systems and appliances. Existing installations of block signal systems, interlocking and automatic train-stop, train-control and cab-signal systems, and installations of these systems which are made in the future, may not be discontinued or materially modified without our approval; we may order additional installations of these systems and appliances to be made when found to be necessary in the public interest, and under the powers conferred upon us by law we have established a code of rules, standards, and instructions for the installation, inspection, maintenance, and repair of designated signal appliances and systems. The enforcement of these statutory provisions, and of our regulations thereunder, is assigned to our Bureau of Safety. Special provisions are enacted for the inspection and testing of locomotive boilers and their appurtenances, and a code of rules and instructions covering the required inspections and tests has been established. Administration of these matters is assigned to our Bureau of Locomotive inspection.

We are also charged with the duty of formulating rules and regulations for the transportation of explosives and other dangerous articles. The enforcement of these provisions, and of our regulations thereunder, is assigned to our Bureau of Service.

As to motor carriers, including private carriers operating in interstate or foreign commerce, the qualifications and the maximum hours of service of employees of certain classes are prescribed, as well as standards of equipment. Administration of these provisions is assigned to our Bureau of Motor Carriers.

## CAR SERVICE ACTIVITIES

Carriers by railroad are required by the act to furnish safe and adequate car service, and to establish just and reasonable rules, regu-

lations, and practices with respect thereto. The term "car service" includes the use, control, supply, movement, distribution, exchange, interchange, and return of locomotives and other vehicles, and the supply of trains. Special obligations are placed on the carriers with respect to the distribution of coal cars. We may, upon complaint or upon our own initiative, establish reasonable rules and regulations with respect to car service, and prescribe the compensation to be paid for the use of locomotives and cars. In emergency situations where shortage of equipment or congestion of traffic require immediate action, we are authorized to suspend carrier rules, make directions with respect to car service, require joint use of terminal facilities, and establish priorities for the movement of traffic, and may route traffic where a rail carrier is for any reason unable to transport the traffic offered to it so as to properly serve the public.

The Bureau of Service handles matters concerning car service. Through its field force it gathers information concerning the available supply of equipment and the flow of traffic, in order to detect arising emergencies. It prepares for the consideration of the Commission orders as necessary to the discharge of its responsibilities.

#### INVESTIGATION AND LITIGATION

The act contains numerous provisions for enforcement, with penalties for violations. Provision is made for review in the courts of orders entered by the Commission. In addition, authority is vested in the Commission to institute investigations on complaint or on its own motion to determine whether violations exist, and, if found, to require such action as necessary to terminate the violations. Investigation of the practices of persons under parts I, III, and IV of the act are conducted by the Bureau of Inquiry, and under part II by the Legal and Enforcement Section of the Bureau of Motor Carriers. These agencies maintain field staffs of special agents and examiners, through whom evidence is gathered and correlated for presentation to the Department of Justice for prosecution. In numerous instances, attorneys assist the United States district attorneys in the prosecution of cases. They appear on behalf of the Commission in investigation proceedings, and present evidence in hearings either before the Commission or its examiners.

The Bureau of Law prepares briefs and argues cases in the Federal courts which involve orders of the Commission, actions of mandamus or certiorari brought against the Commission, and injunction suits brought by the Commission to enforce provisions of the act. Its attorneys act as counsel for the Commission, when so directed, in proceedings before the Commission initiated on its own motion. It prepares memoranda on legal questions arising in Commission pro-



ceedings and in its general work, and otherwise acts in an advisory capacity to the Commission on legal questions.

#### STATISTICS AND RESEARCH

In order that the Commission may be informed concerning the activities of the carriers and others subject to its jurisdiction, the act provides that we may require the submission of such periodic and special reports as we may deem necessary. The receipt and review of such reports is assigned to the Bureau of Transport Economics and Statistics. It compiles and analyzes the data contained in such reports, and prepares a series of publications which show data relating to investment, capitalization, earnings, efficiency of operation, traffic, accidents, employment, and wages, as well as other characteristics of carrier operation. It provides the Commission with analyses of the various aspects, phases, and developments relating to transportation by rail, motor, water, and air which directly or indirectly relate to the duties and functions of the Commission, and conducts waybill studies as mentioned in our last two annual reports, and special research studies.

#### VALUATION

The act requires the Commission to investigate, ascertain, and report the value of all common carriers subject to part I, with certain exceptions, and after such valuation to keep itself informed of changes in the conditions and value of the property of such carriers. The Bureau of Valuation discharges the Commission's duties in this matter. Through reports required from the carriers, it keeps informed of all new construction, extensions, improvements, retirements, and other changes in the condition and value of the property of the carriers, and has available at all times the information, after verification, to enable it to revise and correct previous inventories, classifications, and values. This Bureau also has the duty of making basic valuations of all newly constructed lines and of the property of carriers that come for the first time within the jurisdiction of the act. When necessary, basic valuations are brought up to date for use in proceedings before the Commission.

#### MISCELLANEOUS ACTIVITIES

In addition to the comprehensive regulatory duties imposed on the Commission as heretofore described, we are charged with certain other duties. These include definition of the limits of the standard time zones, authority to fix and determine the fair and reasonable rates and compensation for the transportation of mail matter by rail common carriers and for the service connected therewith, and to

determine certain matters as to the classification, weight limits, rates, and zones applicable to parcel post; and determination of the applicability of the Carriers Taxing Act, the Railway Labor Act, the Railroad Unemployment Insurance Act, and the Railroad Retirement Act to certain classes of employers. All these matters are assigned to the Bureau of Formal Cases for handling.

The internal affairs of the Commission are handled by the Bureau of Administration, headed by the Secretary. These matters include the purchase and distribution of supplies and publications, personnel management, budget and fiscal matters, mails and files, and stenography. A section of this Bureau maintains current annotations to the laws administered by us. The Section of Dockets acts for the Commission in a capacity corresponding to that of the clerk of a court.

### PROPERTY VALUE IN REGULATION

Section 19a of the Interstate Commerce Act, which directed us to ascertain and report the value of property owned or used by all common carriers (with negligible exceptions) then subject to the act, reflected the view widely held at the time of its enactment (1913) that the information so developed would considerably simplify the determination of reasonable transportation rates. That view was further responsible for the rate-making and recapture-of-earnings provisions which featured the amendments of 1920 but which were later found to be unworkable and repealed in 1933.

The shift in emphasis which led to that repeal has tended to obscure the fact that accurate information as to value of railroad property continues to be indispensable to the proper performance of a number of our most important regulatory functions. In prescribing just and reasonable rates we are required by sections 15a (2) and 307 (f) to give due consideration to service cost and revenue needs, in which property value is a prominent factor. The latter becomes of particular relevance in the more comprehensive proceedings relating to general rate levels, such as increased-rate cases. In such proceedings we usually take into account the aggregate railway property values as shown by the latest valuation information available to us under section 19a duly introduced in evidence.

Under sections 15 (6) and 307 (e) governing the determination of divisions of joint rates and fares we are required to give due consideration among other things to "the amount of revenue required by [the carriers] to pay their respective operating expenses, taxes, and a fair return on their property held for and used in the service of transportation." In section 77 (e) of the Bankruptcy Act there is specific recognition of the necessity of determinations of property value in connection with certain phases of financial reorganizations

of railroads under that act, and we have frequent occasion to make use of valuation data in this field.

Increasing attention to cost of service in our rate proceedings furnishes another example of the importance of reliable and current information as to value. This information is particularly pertinent in cases such as those involving switching charges covering use of a segregated portion of a carrier's line. The same is true as to proceedings in which we are called upon to fix just compensation for joint use of railroad terminals.

When questions of property value arise in instances such as those above described, the facts shown in our valuation records are commonly accepted as authoritative without resort to other methods of proof. This procedural economy is made possible by a provision in section 19a directing us to keep our valuations up to date and have available at all times the information required for that purpose. The work of revision at present constitutes the principal assignment of our Bureau of Valuation, for the primary railroad valuations have long since been completed. It will be our continuing purpose to carry on this work as efficiently and economically as possible through a technical staff which necessarily is only a small fraction of the size required when valuation activities were at their peak about 30 years ago.

With the force available for this work, however, it is falling lamentably behind. Unless that force can be considerably increased the results of long years of work and of large expenditures of money will necessarily, and before very long, become of little current value.

#### WORK OF THE LEGISLATIVE COMMITTEE

The Legislative Committee responded to 126 requests from committee chairmen and other members of the Eighty-first Congress for reports on bills having a bearing on our administrative functions. In addition, it submitted 14 reports to the Bureau of the Budget concerning legislative matters upon which that bureau sought our views. Several members of the Commission appeared before Congressional committees at their requests for participation in hearings on pending bills.

Two laws of considerable importance were enacted for the purpose of amending the Interstate Commerce Act. Public Law 138 provided uniform periods of limitation in actions for the collection of overcharges and undercharges by common carriers and freight forwarders subject to the act. Public Law 197 made a number of changes in various provisions of the act. Both of these measures had been included in our legislative recommendations in prior annual reports.



### ADMISSIONS TO PRACTICE

At the end of the year covered by this report, October 15, 1949, the total number of admissions to practice since September 1, 1929, when our bar was set up, was 18,876.

During the initial period following establishment of our bar, 59.4 percent of the total number of practitioners had not been admitted to practice before the highest court in their respective States. With the passage of time the proportion of nonlawyers in the total number of persons admitted has declined to 27.7 percent. Compared with the over-all average, the number of nonlawyers admitted during the reporting year was 20.1 percent of the total admissions for the same 12-month period.

Applicants for admission to practice who are not members of the bar of the highest court in any jurisdiction are required to pass written examinations. In the examinations which were conducted during the period covered by this report, 440 applicants were examined, of whom 299, or 67.9 percent, successfully passed.

### BUREAU OF ACCOUNTS AND COST FINDING

As indicated in the previous annual report, the functions assigned to this Bureau have been enlarged to include motor-carrier accounts and cost finding, this being the first complete year for which we have reported the results of the expanded organization. Traditionally the Bureau formulated, interpreted, and policed the accounting regulations which were prescribed for common carriers as required of us by the act. During the year just ended those functions were continued but with a new emphasis upon the use of the rail and motor accounts for cost purposes in rate and revenue proceedings. As developed more fully herein, the Bureau's staff has been generally inadequate for the undertakings as originally designed. The field staff, particularly, has been seriously handicapped in meeting the requirements imposed on it.

On October 31, 1949, the carriers subject to our accounting regulations were as follows:

Electric lines.....	54
Express company.....	1
Freight forwarders.....	56
Holding companies.....	4
Motor carriers.....	3, 123
Pipe lines.....	69
Protective service companies.....	8
Sleeping car company.....	1
Steam railroads—class I.....	126
Steam railroads—other.....	276
Switching and terminal companies.....	90

Stockyards.....	19
Water lines.....	177
Miscellaneous affiliated operating companies.....	139
Joint terminal companies.....	83
Total.....	4, 226

In addition to the foregoing there are a large number of small carriers for which no accounting systems have been prescribed, although they furnish simple financial statements in their annual reports to the Commission.

#### ACCOUNTS OTHER THAN MOTOR

During the year we issued 102 orders as follows: Modification of the uniform system of accounts, steam roads, 15; electric lines, 3; pipe lines, 1; for water carriers, 3; depreciation rates for various carriers, 64; and for destruction of records for various carriers, 16. All regulations governing the destruction of carrier records were modified to permit more extensive use of microfilming processes at the carriers' option. We ruled on 15 cases where the prescribed regulations required special approval. Test period reports from class I steam railroads as to costs of and collections for protective services to perishable freight were processed with a view to revising the accounts dealing with those services.

There are pending with carriers a number of important revisions of the accounting classification which deal, among other things, with depreciation on track structure, treatment of past accrued depreciation, showing of original costs on the balance sheet, the classification of current assets and current liabilities, etc. Approval of accounting entries in connection with abandonments, reorganizations, consolidations, and purchases totaled 95. Approximately 1,000 requests were made for instructions and interpretations of the various accounting classifications, and 130 conferences held with carriers on accounting matters.

The field staff, aside from accountants assigned solely to motor carrier work, conducted 285 regular investigations of carrier accounts, which included the accounts of all class I railroads and 106 motor carriers of property. Because of the limited field force and the urgent need for motor carrier work it was necessary to limit the visits to small steam railroads, electric lines, water lines, pipe lines, freight forwarders, stockyards, and express companies. Although fewer small carriers were investigated, compared with former years, a special study was given to the large steam carriers' separation of operating costs between freight and passenger services, a matter of considerable importance to cost finding and the showing of the relative profitability of freight

and passenger traffic. Six special investigations were made during the year, involving the complete reorganization of one class I railroad and the legal expenses incurred by another, the financial and managerial policies of a small company, the segregation of income tax accruals as between carrier and noncarrier earnings, and free transportation incidental to publicity programs.

During the year a comprehensive review was undertaken of rail equipment depreciation reserves which have accumulated since 1935, when equipment depreciation rates were first prescribed for carrier use. The Bureau has always reviewed carriers' annual reports currently to this end, but not on the scale of the present investigation. An analysis was made of the current depreciation reserves and rates of 116 class I steam railroads resulting to date in the issuance of 43 suborders. This work required a detailed study of the very voluminous data furnished by the rail carriers and a number of informal conferences were had with carrier representatives.

A review and analysis was made of the annual reports filed by pipe lines, which resulted in revisions of the prescribed rates for 6 carriers. These reviews will be continued as rapidly as possible. Studies with respect to inland and coastal waterways resulted in 15 suborders, and further studies are in progress.

A program was inaugurated of making a continuing analysis of the current depreciation rates and reserves of class I motor carriers. Correspondence was initiated with 325 carriers with a view to a revision of their current depreciation charges.

#### SECTION OF MOTOR CARRIERS

The administration of our requirements for keeping accounts and filing reports by class I motor carriers is performed by the Bureau through the section of motor carriers. While certain regulatory features of all carrier accounts are coordinated, it has been found expedient to continue the basic motor carrier work in a separate section because of its special problems. Accounting and reporting requirements became effective in 1938 and initially applied to 1,177 carriers. There are now 3,112 carriers subject to our accounting and reporting requirements, of which 2,719 are carriers of property, 367 carriers of passengers and 26 carriers of both property and passengers. The number of carriers whose accounts and statistics must be supervised is now 265 percent of that for 1938. The number of employees assigned to this work, however, has remained unchanged during this 11-year period. There are approximately 18,000 class II and class III carriers with average gross revenues of less than \$100,000 per annum, subject to part II of the act, which are not required to keep their accounts under a system prescribed by us. In



1948, these carriers were required to file a simple annual report form.

In 1948 the motor carriers of property subject to our jurisdiction had estimated gross revenues of \$2.8 billions of which \$1.9 billions was earned by the class I carriers. The class I passenger carriers grossed \$512 millions out of an estimated total of \$567 millions for all passenger carriers subject to our jurisdiction. The class I group includes 450 carriers of property and 187 carriers of passengers which, during the year 1948, had gross revenues in excess of \$1,000,000.

The supervision of our accounting regulations involves the issuance of a large number of interpretations on border-line items and continuous research to insure that the regulations will reflect changing conditions in the industry. Through our field staff, periodic examinations are made of carriers' accounts to determine that the regulations are being complied with and to require corrections in accounting practices found to be at variance with the regulations. During the year the accounts of 725 carriers were investigated. Examiners regularly engaged in the investigation of steam railroads and other carriers subject to our jurisdiction were temporarily assigned to assist in the motor-carrier investigations. Excluding the 321 carriers which became subject to our accounting regulations January 1, 1949, the investigational program reached only about 15 percent of the total number of carriers. With over 3,000 motor carriers subject to our accounting regulations and with the number of such carriers increasing at the rate of three to four hundred each year, the frequency of the examinations is dwindling to a point where effective regulation of the accounts is seriously in danger. It has been necessary to divert such field investigations as are possible to general-commodity carriers which are principally before us in connection with rate and revenue proceedings.

Because of the wide use made of financial data shown in motor-carrier quarterly and annual reports in connection with the fixing of rates, the handling of general revenue proceedings, and the handling of applications for the purchase, merger, and consolidation of operating authorities as well as the issuance of securities which require our approval, it is extremely important that a close surveillance be made of motor carrier accounting practices. The disposition of applications for increases in rates is based almost entirely on the data shown in carriers' quarterly and annual reports filed with us. Extensive use is made of annual report data by our cost finding section in connection with the computation of motor carrier operating costs for the purpose of constructing costs which are used in a large portion of all motor carrier rate and revenue proceedings.

The following table shows the number of quarterly and annual reports received and examined during the year covered by this report:

Kind of report	Received	Examined
Quarterly reports—passenger.....	1, 574	<sup>1</sup> 11, 655
Quarterly reports—property.....	10, 792	<sup>1</sup> 11, 476
Annual reports—property and passenger.....	2, 845	1, 607

<sup>1</sup> Includes reports on hand Nov. 1, 1948.

Lack of staff has also required curtailment in the work of examining and correcting quarterly and annual reports to the point where a number of reports are given only a superficial examination. This applies particularly to those of local carriers, contract carriers, and haulers of special commodities.

There was a continuance of the heavy volume of work performed in connection with transactions between motor carriers involving reorganizations, mergers, consolidations, purchases, acquisition of and change in control, security issues, and transfer of operating rights, pursuant to sections 5, 212 (b), and 214 of the act, together with petitions to change capital structure and checking of annual reports for adherence to our reports and orders in finance cases. During the past year this phase of the bureau's work required, among other things:

Review of accounting and financial matters for 313 final reports under sections 5 and 214.

Preparation of 91 accounting and financial analyses of applications pursuant to section 5 for use of the examiner in conducting hearings and drafting final reports and orders thereon.

Review of accounting and financial matters in 1,983 applications filed pursuant to the provisions of sections 5 and 212.

Review and approval of 381 sets of journal entries required by our orders in sections 5 and 212 proceedings.

Petitions of 11 carriers approved for changes in their capital structure.

Our staff has cooperated with the national accounting committee of American Trucking Associations in advancing the standards of accounting in the motor carrier industry. Members of our staff have addressed meetings of both the national committee and the local societies of motor carrier accountants. Active cooperation was continued with the Accounting and Statistical Committee of the National Association of Railroad and Utilities Commissioners in its effort to promote uniformity in accounting among the various Federal and State regulatory bodies.

Our field staff also made extensive investigations of carriers' accounts for the purpose of obtaining data regarding possible violations of the Interstate Commerce Act and regulations other than those per-

taining to accounting and filing reports. Many of these investigations resulted in criminal proceedings against the carriers and the assessing of fines by the courts; others were handled under civil proceedings and injunctions obtained. Two carriers were fined a total of \$12,000 for failure to comply with our accounting rules.

#### COST FINDING SECTION

The section published the following studies during the year:

1. *Rail Carload Costs by Territories as of January 1, 1948.*—The costs shown in the study were based on all class I rail carriers' operations in 1946 with wages and prices adjusted to the level of January 1, 1948. The study shows the costs by types of car, weights of load, and lengths of haul.

2. *Explanation of Rail Cost Finding Procedures and Principles Relating to the Use of Costs.*—The study provides a description of the nature of rail costs and their place in rate theory. In addition it shows the methods used in separating the expenses between out-of-pocket and constant, provides an explanation of the cost formula, and furnishes territorial comparisons of performance factors, and unit costs.

3. *Formula for Use in Determining Rail Freight Service Costs.*—This formula was devised for the purpose of determining rail freight service costs for introduction in various proceedings before the Commission and was released as a matter of information to carriers, shippers, regulatory agencies, and others not parties to the proceedings involved.

4. *Distribution of the Rail Overhead Burden by Commodity Groups—1939 and 1947.*—The purpose of this study was to show the distribution of the rail overhead burden among major commodity groups and shifts in such burden occurring between the prewar year 1939 and the postwar year 1947.

5. *Territorial Studies of Motor Carrier Costs and Operating Performance Factors, Central Territory.*—The costs were based on the operation during 1947 of 35 class I carriers. Part I shows mileage cost scales for shipments of various weights and in addition operating performance factors. Part II shows the development of unit costs for individual carriers and for the territory.

6. *Explanation of the Development of Motor Carrier Costs with Statement as to their Meaning and Significance.*—This publication was a revision of a previous statement published in October 1947. It contains an explanation of the meaning and significance of the out-of-pocket, constant and joint costs, and sets forth the procedures used in the computation of motor carrier costs.

Work also was performed in connection with 36 formal proceedings before the Commission. In addition to the analyses of cost evidence submitted by other parties this work involved in some cases the



preparation and introduction of evidence by members of the section. The proceedings included charges on small shipments by railroads and motor carriers, the investigation of pick-up and delivery services performed by railroads and motor carriers, express rates and charges, rail divisions, switching charges, per diem rates, rail abandonment proceedings, commutation fares, lighterage charges, motor carrier-freight forwarder agreements, general increases in motor carrier rates, bus fares, and other matters involving rail, motor, and barge rates on individual commodities. During the year members of the section attended numerous conferences with the Post Office Department and rail representatives relative to the cost and traffic studies now being made by both the Department and the carriers in the Railway Mail Pay Investigation.

Cost data were submitted to the suspension board in some 445 motor and rail matters. These matters included proposed changes in several thousand individual rates covering a wide range of commodities and movements, and, in some instances, revisions in the general level of rates for an entire rate territory.

A study showing rail carload costs by territories with costs adjusted to reflect wage and price levels as of January 1, 1949, is nearing completion. Such studies are used in a wide range of rate and revenue matters, including the development of the relation of revenues to costs by commodity classes in connection with waybill studies.

For use in cost work a study is being made of the loaded and empty car-miles by types of equipment and by directions. This study is based on data furnished by all class I railroads for seven test days during the year.

The preparation of Nation-wide motor carrier (freight) cost studies for use in various proceedings and investigations is continuing as rapidly as our size of staff will permit. The release of the central territory cost study during the year followed similar studies in the New England, southern, western trunk-line and middle Atlantic territories. A revised study of the New England territory is well under way. This study will cover approximately 100 class I carriers of general freight and, in addition, a sample group of class II carriers. Preliminary plans also have been drawn for the preparation of similar studies in other territories. The carriers in every territory have cooperated to the fullest extent in the preparation of these studies.

A study of waterway costs covering two large intercoastal carriers of general commodities is practically complete.

Research work along cost lines is continuing in the endeavor to simplify the cost-finding procedures and at the same time make their application increasingly flexible in order to permit the computation of costs for the range of operating conditions for which costs of service

may be desired. Aside from the use of the costs within the Commission there has been an ever-increasing demand for the results of the motor and rail cost studies from other governmental agencies, State regulatory bodies, shippers, carriers, carrier organizations, and research groups.

#### BUREAU OF FINANCE

*Certificates of convenience and necessity, acquisition of control, et cetera.*— During the year ended October 31, 1949, 80 applications were filed for permission to abandon about 1,178 miles of railroad, and 76 miles of operations under trackage rights. The proceedings, in which we rendered 57 decisions, involved the proposed abandonment of about 873 miles of railroad, and 312 miles of operations, and 12 miles of towage service on the Ohio River. In 31 of these proceedings, involving 117 miles of railroad and 60 miles of operation, no protests or objections were filed by shippers or public authorities. Protests were filed, and hearings held, in 26 cases, involving 764 miles of track and 247 miles of operation. Of the applications protested, we denied 3 in whole or in part, involving 29 miles of lines, and authorized the abandonment of the remaining 735 miles of lines and 247 miles of operation, and the towage service. We granted 2 applications involving 21 miles of main lines for which substitute lines were built, and 55 applications, involving 226 miles of branch lines of class I carriers (for 3 miles of which substitute branch line services were furnished), and 241 miles of trackage rights, and 626 miles of so-called short lines. Of the short-line mileage, 529 miles were abandonments as to interstate and foreign commerce of the entire lines of the applicants, and 97 were portions of such lines. In proceedings in which certificates were issued, covering 381 miles of road, the estimates of average annual losses from continued operations or of future annual savings resulting from abandonment amounted to approximately \$589,900. In proceedings covering the remaining mileage, estimates of losses or savings were not given. Mileage and losses in abandonments of lines on which no service has been rendered in recent years because of the absence of traffic have not been included.

It has been shown in certain cases that the necessary cost of rehabilitation or of bringing up deferred maintenance of tracks which were permitted to be abandoned, aggregating about 228 miles, would require an expenditure estimated at \$1,795,482. Since this amount would necessarily be expended in order to continue operation, abandonment would result in a saving which, to that extent with reasonable accuracy, can be estimated in advance.

Corresponding data are given in our reports beginning with the report for 1934.

In our last annual report, on pages 75 and 76, we stated that proceedings which involved the merger of the Pere Marquette Railway Co. properties into those of the Chesapeake & Ohio Railway Co. had been reopened for reconsideration in the light of the principles set forth by the United States Supreme Court in *Schwabacher v. United States*, 334 U. S. 182, concerning our jurisdiction to determine the rights of the dissenting stockholders. Upon reconsideration of the case and upon additional findings as required by the opinion of the Court, we approved and authorized the merger upon the terms and conditions theretofore found to be just and reasonable, modified to eliminate the provisions for cash alternatives.

In appendix D we have listed the certificates issued, authorizations granted, and pertinent data with respect to proceedings involving the abandonment, construction, and acquisition and operation of lines of railroads under section 1 (18) of the Interstate Commerce Act, and also consolidation and mergers of carriers, purchases, leases, and contracts to operate properties of carriers by other carriers, acquisition of control through ownership of stock, or otherwise, of carriers by other carriers, or by persons not carriers, acquisition by carriers of trackage rights over, or joint ownership or use of, railroad lines and terminals of other carriers, and under section 5 (2) of the Interstate Commerce Act.

In four cases we authorized transfer of certificates or permits of water carriers under section 312.

Temporary approval of operation of the properties of water carriers by the person proposing to purchase, merge, or lease them was granted in two cases, under the provisions of section 311 (b).

*Railway employees.*—The procedures for the imposition of conditions for the protection of employees who may be affected by transactions authorized under section 5 (2) and in proceedings involving abandonment of lines of railroad, as explained in our 1946 annual report, have been followed during the past year.

*Interlocking directorates.*—During the period covered by this report, we received 218 applications from individuals, and 1 from a carrier. Disposition was made of 223 applications, all of which were granted.

*Issuance of securities and assumption of obligation.*—During the year we authorized, under the provisions of sections 20a and 214, the issue of securities for refunding maturing obligations, for refinancing other unmatured securities bearing higher rates of interest, for new money to be used for various corporate purposes, and for the purpose of effecting mergers and reorganizations.

The assumption of obligation and liability in respect of the securities of others, consisting largely of equipment-trust certificates and the securities of subsidiaries, has been authorized. Several hearings have



been held in respect of the various issues and assumptions. A statement of the amount of securities involved and the purposes to which they applied will be found in appendix D.

In our four preceding annual reports we discussed the matter of the sale of railroad securities under the provisions of our report *In re Competitive Bidding in Sale of Securities*, 257 I. C. C. 129, and filing of special applications for exemption from the competitive-bidding requirement. During the past year no separate application for exemption was filed. Requests for exemption from the competitive bidding requirement were made in connection with two applications filed under the provisions of section 20a, and one request was granted and the other request is now pending. The table in appendix D shows the results of all bond sales under competitive bidding during the past year together with certain pertinent data. The principal amount of such bond sales was \$70,488,000 and in addition \$464,248,000 of equipment obligations were sold in this manner.

The efforts which the railroads have made to replenish their motive power and cars are reflected in the large amounts of securities shown in appendix D as having been issued for the acquisition of equipment.

#### BUREAU OF FORMAL CASES

The formal complaints filed numbered 367, of which 303 were original complaints and 64 subnumbers, an increase of 121 as compared with the previous period. We decided 232 cases, and 132 have been dismissed by stipulation or on complainants' request, making a total of 364 cases disposed of, as compared with 391 during the previous period.

Approximately 33 formal and investigation and suspension cases have been reopened for further hearing and reconsideration.

We conducted 441 hearings and took approximately 73,792 pages of testimony, as compared with 431 hearings and 79,904 pages of testimony, during the previous period.

The following statement shows certain facts with respect to the condition of the docket as of October 31 of the years indicated:

	1946	1947	1948	1949
Formal complaints filed.....	225	224	224	303
Subnumbers.....	36	45	22	64
Investigation and suspension cases instituted.....	70	99	71	107
Cases under submission at end of period:				
Regular docket.....	35	61	33	35
Shortened procedure.....	25	14	13	19
Cases disposed of, including subnumbers and reopened cases.....	263	414	441	392
Number of cases pending.....	458	540	489	622
Additional proceedings disposed of by formal reports:				
Fourth-section applications.....	13	26	42	35
Ex parte proceedings.....	15	13	12	14
Railway Labor Act (Electric Railway dockets).....		1		1
Water-carrier applications.....	28	46	33	15
Freight-forwarder applications.....	5	7	6	10
Section 5a applications.....				1

## SHORTENED AND MODIFIED PROCEDURES

Approximately 43 percent of the total number of formal complaints are now handled by the shortened and modified procedure methods as compared with 34, 31, and 43 percent during the three preceding years. In the cases so handled and decided during this year, the average elapsed time to reach a decision was 393 days from the receipt of the complaint and 229 days from the receipt of the final memorandum. The corresponding periods during the three preceding years were 332 and 198 days, 414 and 260 days, and 332 and 189 days, respectively.

## BUREAU OF INFORMAL CASES

The number of informal complaints filed under parts I, III, and IV of the act was 1,553, an increase of 57 as compared with the preceding year. The number of such complaints disposed of was 1,884. In a large number of the complaints numerous reductions in rates were secured, refunds of overcharges were made to shippers and passengers on account of the exaction of charges in violation of section 6 of part I of the act, and damages were paid by carriers to shippers as the result of misrouting of shipments by the carriers. Many claims also were paid by the carriers for damage caused by them in mishandling freight.

Rail carriers filed 5,413 special-docket applications for authority to refund amounts collected under the published tariffs and admitted by them to have been unreasonable, an increase of 3,565. Orders authorizing refunds were entered in 2,885 cases, an increase of 1,240, and reparation thereunder was awarded in the sum of \$1,229,800.91. In addition, 277 special docket cases were dismissed or disposed of without orders. The Bureau also received approximately 12,000 letters, many of which had the characteristics of informal complaints although not classified as such, an increase of approximately 1,000 letters over the prior year.

During the year the following orders were issued:

Order of January 12, 1949, entitled "Petition of rail carriers transporting iron ore (not ground or hydrated) to the upper lake ports for authority to make reparation payments and to waive collection of undercharges in connection with increases in rates published in Agent Kipp's Tariff I. C. C. A-3694."

Order of January 12, 1949, entitled "Petition of rail carriers operating in southern and western districts for authority to make reparation payments and to waive collection of undercharges in connection with percentage increases in basic freight rates under Ex Parte No. 166."

These orders, general in character, directed the carriers to make reparation on shipments covered thereby. It is estimated that had the usual special-docket procedure been followed, the Commission

would have had presented to it at least 1,000 additional applications. These orders, therefore, resulted in considerable savings in time and money to shippers and carriers, as well as to the Commission.

Through the medium of adjustments obtained on the special-docket and informal complaint procedure, the time and expense of a formal complaint and hearing are avoided. Some of the orders on the special docket covered complaints originally submitted on the formal docket.

The Bureau assists interested parties in adjusting their rate and other transportation difficulties through the medium of informal conferences and by correspondence. Efforts are made to have complainants and defendants in appropriate cases submit their problems for handling through this inexpensive informal procedure. Litigants should avail themselves of this method of procedure wherever practicable with the view to saving time, effort, and expense.

### BUREAU OF INQUIRY

To this Bureau is delegated the task of enforcing the criminal and penal provisions of parts I, III, and IV of the Interstate Commerce Act and related statutes. This work is supplemented by performance of other duties by the attorneys and special agents, particularly with respect to the investigation of facts involved in cases before the Commission and participation in the hearings therein. During the year approximately 120 investigations of alleged crimes were conducted by this Bureau.

A substantial part of the investigative work undertaken involved the alleged violations of demurrage tariffs. These offenses were found to exist as a result of a variety of irregular practices in which both shippers and rail carriers were engaged. One of the most pronounced of these violations was brought to light by an investigation conducted at Essington, Pa., where it was developed that two rail carriers and a large shipper of electrical products were involved in a device to defeat the provisions of the demurrage tariffs. The carriers, in assessing demurrage on empty cars ordered for loading, assessed the demurrage charges from the time when the shipper moved such cars from its interchange track rather than from the time of the railroad's placements. To informations filed in the District Court for the Eastern District of Pennsylvania the carriers and shippers entered pleas of *nolo contendere*, whereupon the court imposed a fine of \$10,000 on one carrier and \$5,000 on the other, and \$10,000 on the shipper.

Another type of demurrage violation was involved in a case at Council Bluffs, Iowa. The carrier in this instance was charged with failure to observe its demurrage tariff by not constructively placing carload shipments of grain destined to a large grain receiver. A fine



of \$1,000 per count was imposed after a plea of guilty had been entered by the carrier on two counts of a five-count information. The three remaining counts were dismissed. Informations are pending in the District Court for the Western District of Wisconsin in 20 counts against a shipper of coal and in 10 counts against each of 5 railroads, charging violations of the Elkins Act through the granting and receiving of concessions with respect to demurrage. Also under investigation at present in Milwaukee, Wis., are a number of other cases of alleged violations of demurrage tariffs. In the eastern district of Missouri an information in 10 counts, charging a railroad with failure to issue constructive placement notices as prescribed in demurrage tariffs in violation of the Elkins Act, is pending.

A railroad in Illinois was found to have violated section 1 of the Elkins Act through failure to observe its switching tariffs in failing to assess and collect switching charges from a shipper of farm machinery, at Canton, Ill. This case was brought in the District Court for the Southern District of Illinois on a 10-count information, to which the carrier entered a plea of *nolo contendere* to three counts. The remaining seven counts were withdrawn and a fine of \$3,000 was imposed.

In the Southern District of Florida nine indictments were disposed of when defendant shippers entered pleas of *nolo contendere* to indictments, each in 10 counts, charging them with having solicited, accepted, and received concessions from railroads in respect of the transportation of carload shipments of fresh vegetables; in fact, that defendants knowingly failed to specify on the bills of lading and shipping orders the full amount of top ice which they placed in the cars at points of origin, thereby defeating the tariff charges therefor, in violation of section 1 of the Elkins Act. A fine of \$1,000 was imposed on each defendant. A similar indictment is pending in the same district against another shipper.

The alleged violations of our prescribed credit rules formed the basis of many of our investigations, which disclosed numerous and flagrant abuses of these regulations. A rail carrier was found to have engaged in these unlawful practices at Charlotte, N. C., in granting credit to various shippers as to both demurrage and freight charges for excessive periods beyond the legal time limit. In this instance the court imposed a fine of \$2,000, upon a plea of *nolo contendere* by the defendant to an information filed in the Western District of North Carolina. Another railroad also engaged in these unlawful practices in granting concessions on freight and demurrage charges at Fayetteville, N. C. A 10-count information was filed in the Eastern District of North Carolina against this carrier, to which a plea of *nolo contendere* was entered to one count and a fine of \$1,000 imposed. The remaining

counts were dismissed with the exception of two counts on which defendant was given a 2-year suspended sentence and placed on probation.

Another case involving unlawful extension of credit arose at Des Moines, Iowa. The consignee, an individual manufacturing potato chips was indicted for accepting concessions in violation of the Elkins Act on shipments of potatoes falsely represented as "for potato chip processing" to avoid payment of standard refrigeration charges. The railroad involved was indicted for violations of the Elkins Act through its failure to collect freight charges within the prescribed credit period. Pleas of *nolo contendere* were entered by each of the defendants and fines of \$3,000 against the shipper and \$1,000 against the railroad were imposed in District Court for the Southern District of Iowa.

An investigation of livestock shipments at Tulare, Tipton, Corcoran, and Visalia, Calif., disclosed that in addition to unlawful extensions of credit, two railroads had failed to add the additional 10 percent to carload minimum weights of livestock shipments, where the actual weights had not been determined by the carrier nor estimated by the shipper. Informations were filed in a district court at Fresno, Calif., against both carriers, five counts charging extension of credit violations and five counts charging tariff violations. The court imposed fines of \$1,000 for the former and \$1,000 for the latter violations, after pleas of *nolo contendere* were entered by both carriers.

An extensive investigation of noncompliance with credit regulations prescribed under section 414 of the act, by freight forwarders at Los Angeles, Calif., revealed widespread and flagrant violations resulting in 11 indictments October 19, 1949. In the Western District of Virginia two extensions of credit cases, involving a railroad and shipper of chemical products, were concluded. These defendants were charged with violations of the Elkins Act for failure to observe the Commission's Credit Regulations in the payment of demurrage charges. On pleas of *nolo contendere* fines of \$2,000 and \$1,500, respectively, were imposed on the carrier and the shipper.

Two cases in the Southern District of Iowa were brought to a conclusion during the year when a shipper of livestock and a rail carrier entered pleas of *nolo contendere* to informations charging the shipper with the receiving and the carrier with the granting of concessions in violation of the Elkins Act. This matter involved the granting of free and exclusive use by the shipper of railroad stockyard facilities at De Witt, Iowa. Each defendant was fined \$1,000.

Our field force conducted a limited number of investigations into the alleged false billing of various commodities and three prosecutions are pending.

A shipper at Jackson, Miss., solicited and received concessions from a rail carrier, to which it refused to pay a diversion or re-shipment charge on lumber and other commodities. Both the shipper and the carrier were indicted, and upon pleas of *nolo contendere* the District Court for the Southern District of Mississippi imposed fines of \$1,500 on the shipper and \$3,000 on the railroad.

Investigations were conducted on complaints of alleged falsification of records by railroads at several points. One of these investigations uncovered a flagrant device of long standing employed by a railroad in falsifying records at Union, S. C., which purported to show that it had transported shipments of cotton from Union to Buffalo, S. C., upon which it was entitled to receive from another railroad company a division of the joint through rates on cotton originating at points in the Southwest, whereas the shipments in question were not subject to such rates. A plea of *nolo contendere* was entered by the defendant railroad in the District Court for the Western District of South Carolina, whereupon a fine of \$5,000 was imposed. Another case in the Eastern District of Tennessee involves the falsification of carrier records and annual reports by the auditor of a railroad, who is under indictment at this time.

A complaint against a railroad which had been pending in the Northern District of Illinois for violations of Agent Kendall's Order No. 11, issued under authority of the Commission's Service Order No. 534, was disposed of during the year. That order provided for the delivery to a connecting carrier of a specified number of empty cars for the purpose of alleviating car shortage. The court assessed a penalty of \$500 on the first 5 counts of a 10-count complaint, the remaining counts being dismissed. Another service-order case, in which a complaint was filed against another carrier for violation of Service Order No. 670, is in the same district. This order was issued for the purpose of facilitating the unloading of 20 specified cars to alleviate a car shortage.

There was a decrease in the number of investigations of violations of the Commission's explosives regulations due to a reduced volume of traffic. However, a comprehensive investigation at many points was conducted by several of our special agents into the explosive characteristics of ammonium nitrate destined to foreign countries. An information in the Southern District of Iowa charged the trustees of a rail carrier two violations of the explosives regulations, and this case was disposed of by a plea of *nolo contendere* and the imposition of a \$100 fine.

An information was filed in the district of Oregon charging a water carrier with engaging in unlawful operations without certificate of public convenience and necessity.



During the year 4 attorneys were assigned to represent the Commission in 22 of its formal docket cases.

For violations of the Interstate Commerce Act and related statutes 17 indictments were returned and 20 informations were filed. Thirty-two cases were concluded in the district courts, which resulted in the imposition of fines and penalties totaling \$65,600, all of which were paid.

Prosecutions instituted or concluded had their venue in the following States: California, Florida, Illinois, Iowa, Missouri, Mississippi, North Carolina, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and Wisconsin.

A summary (a) of indictments returned and informations and complaints filed in the United States district courts, and (b) of cases concluded in those courts, is set forth in appendix A.

#### BUREAU OF LAW

On October 31, 1948, there were pending in the courts 34 cases involving our orders or requirements. During the year 29 cases were instituted and 20 were concluded, leaving 43 cases now pending. Of these, 8 are in the Supreme Court of the United States, 1 is in the United States Court of Appeals for the District of Columbia, 1 is in a State court and 33 are in the district courts of the United States.

Thirteen cases were submitted and decided by the Supreme Court, two being remanded to district courts for decision on the merits, and nine were concluded in the district courts.

Summaries of all the foregoing cases are shown in appendix B.

The cases decided by the Supreme Court were:

*Ayrshire Collieries Corp. v. United States*, 335 U. S. 573.

*Chicago, M., St. P. & P. R. Co. v. United States*, 335 U. S. 573.

In these cases the Supreme Court sustained our report and order in *Coal to Beloit, Wis., and Northern Illinois*, 263 I. C. C. 179, wherein we prescribed, in part, bases for reasonable, nondiscriminatory and nonprejudicial rates on bituminous coal from Illinois, Indiana, and western Kentucky mines to northern Illinois destinations and Beloit, Wis.

The Court held we had the authority to eliminate unjust freight-rate discriminations among coal producers located within the same rate group established for rate-making purposes, since all the points within the rate group may be considered a single origin point. The Court further held that in prescribing the approved rates, we were not required to afford the railroads an alternative method of removing the discrimination. The opinion, in part, reads:

Rate structures are not designed merely to favor the revenues of producers and carriers. The Commission has the consumer interest to safeguard as well. And when it undertakes to rationalize the interest of the three, great complexities are often encountered. The economics of the bituminous coal industry have baffled even experts. We would depart from our competence and our limited function in this field if we undertook to accommodate the factors of transportation conditions, distance and competition differently than the Commission has done in this case. That is a task peculiarly for it. In fashioning what the Commission called a differentially related and finely balanced rate structure for this coal, there is no place for dogma or rigid formulae. The problem calls for an expert, informed judgment on a multitude of facts. The result is that the administrative rate-maker is left with broad discretion as long as no statutory requirement is overlooked. Yet that is, of course, precisely the nature of the administrative process in this field.

*Brady Transfer & Storage Co. v. United States*, 335 U. S. 875.

On December 6, 1948, in a *per curiam* opinion the Supreme Court granted our motion to affirm and sustained our report in *Transportation Activities of Brady Transfer and Storage Company*, 47 M. C. C. 23, wherein we found that respondent was conducting certain operations as a common carrier by motor vehicle of property over regular routes without authority as required by section 206 (a) of the Interstate Commerce Act. Our action was sustained by the district court, 80 Fed. Supp. 110, and, in affirming the Supreme Court cited *United States v. Carolina Freight Carriers' Corp.*, 315 U. S. 475, as authority for its action.

*United States v. United States and Interstate Commerce Commission*, 337 U. S. 426.

This case, decided by the Supreme Court on June 20, 1949, involved our order in *United States v. Aberdeen & R. R. Co.*, 269 I. C. C. 141, wherein we found that the railroads' failure to make the complainant an allowance for wharfage and handling incident to shipside receipt and delivery of the latter's export, import, coastwise and intercoastal freight at army base piers and at Norfolk, Va., or furnish wharfage and perform the handling service themselves, was not an unjust and unreasonable practice, and did not result in unjust discrimination in violation of sections 1 and 2 of the Interstate Commerce Act.

In the lower court the United States brought a suit to set aside our order, and the United States was made a defendant because of a statutory requirement that any action to set aside an order of the Interstate Commerce Commission "shall be brought \* \* \* against the United States" (28 U. S. C. (1946 ed.) sec. 46, now sec. 2322). Without considering the merits of the case, the district court of three judges dismissed the cause on the theory that the Government could not maintain a suit against itself (78 Fed. Supp. 580).

In a 6 to 3 decision by Mr. Justice Black, the Supreme Court in upholding the right of the United States to maintain a suit attacking our order denying reparation to the Government, said:

There is much argument with citation of many cases to establish the long-recognized general principle that no person may sue himself. Properly understood the general principle is sound, for courts only adjudicate justiciable controversies. \* \* \* Thus a suit filed by John Smith against John Smith might present no case or controversy which courts could determine. But one person named John Smith might have a justiciable controversy with another John Smith. This illustrates that courts must look behind names that symbolize the parties to determine whether a justiciable case or controversy is presented.

While this case is *United States v. United States, et al.*, it involves controversies of a type which are traditionally justiciable. The basic question is whether railroads have illegally exacted sums of money from the United States. Unless barred by statute, the Government is not less entitled than any other shipper to invoke administrative and judicial protection. To collect the alleged illegal exactions from the railroads the United States instituted proceedings before the Interstate Commerce Commission. In pursuit of the same objective the Government challenged the legality of the Commission's action. This suit therefore is a step in proceedings to settle who is legally entitled to sums of money, the Government or the railroads. The order if valid would defeat the Government's claim to that money. But the Government charged that the order was issued arbitrarily and without substantial evidence. This charge alone would be enough to present a justiciable controversy. *Chicago Junction Case*, 264 U. S. 258, 262-266. Consequently, the established principle that a person cannot create a justiciable controversy against himself has no application here.

In discussing the "election of remedies" provision, section 9 of the Interstate Commerce Act, the Court said:

Section 9's language controls the forum in which reparation claims may be begun and tried to judgment or order; it does not purport to give complete finality to a court judgment or to a Commission order merely because a shipper elected to proceed in one forum rather than the other. \* \* \*

\* \* \* \* \*

While the Government here does not seek enforcement of a Commission order for the payment of money, the root of the controversy concerns the payment of money damages under 49 U. S. C. § 8, 9. Had the Commission made an award to the Government it could have filed a civil suit to recover money damages under the provisions of 49 U. S. C. § 16 (2). That section provides that such a suit "shall proceed in all respects like other civil suits for damages \* \* \*" That is, before one district judge. And an appeal from a judgment in such a case goes to the Court of Appeals. The same one-judge trial and appeal procedure available for enforcement of an award order would appear to be an equally appropriate and adequate tribunal for adjudication of validity of a Commission order denying reparations.

Mr. Justice Frankfurter filed a dissenting opinion in which Justices Jackson and Burton joined.

*Great Lakes Steel Corp. v. United States*, 337 U. S. 952.

This was a suit to set aside our report and order in *Great Lakes Steel Corp. v. Baltimore & O. R. Co.*, 264 I. C. C. 779, wherein we dismissed the plaintiff's complaint involving efforts by it to secure lower



through rates on articles fabricated in transit. The lower court, 81 Fed. Supp. 450, sustained our order for lack of jurisdiction to entertain the case and said:

plaintiff-shipper has made a binding election by proceeding before the Commission in seeking reparations from carriers, and section 9 of the Interstate Commerce Act precludes it from now resorting to this court, by appeal or otherwise.

On June 27, 1949, in a *per curiam* opinion, the Supreme Court reversed the lower court's decision on the authority of *United States v. United States*, 337 U. S. 426, just summarized, and remanded the case to the district court for determination on the merits. Justices Frankfurter, Jackson, and Burton dissented.

*Brotherhood of Railroad Trainmen v. Baltimore & Ohio R. Co.*, 336 U. S. 944.

On April 4, 1949, the Supreme Court denied a petition for writ of certiorari in the above-entitled case, thus declining to review a decision of the Circuit Court of Appeals for the Seventh Circuit (170 F. (2d) 654), which affirmed a decision of the District Court for the Northern District of Illinois, denying a motion of the Brotherhood to vacate a preliminary injunction theretofore issued and for a summary judgment in favor of the Brotherhood dismissing the suit.

The suit was brought by a number of railroads operating into Union Stock Yards of Chicago. It sought a permanent injunction to restrain an alleged violation of one of the conditions imposed by us in approving an application made by the New York Central Railroad Co. for the acquisition of control by stock ownership of the River Road, and for the control by the River Road of the Chicago Junction by lease of its properties (Finance Docket No. 1165).

Condition 3, which it alleged was violated, read:

3. The present traffic and operating relationships existing between the Junction and River Road and all carriers operating in Chicago shall be continued, in so far as such matters are within the control of the Central.

The violation of the conditions and order arose by the action of the New York Central and the River Road in permitting a change to be made in the method of handling empty stock cars going into the Union Stock Yards for loading livestock, other than sheep and hogs, and moving the cars out-bound when loaded.

*Urie v. Thompson, Trustee, Missouri Pacific R. Co.*, 337 U. S. 163.

This case involves the question whether the coverage of the Locomotive Inspection Act (45 U. S. C. sec. 23) includes injuries in the nature of an occupational disease, here silicosis, or is confined exclusively to injuries inflicted by accident. After having been twice before the Supreme Court of Missouri, the Supreme Court granted certiorari, 335 U. S. 809, to review its final decision on the second appeal that recovery may not be had for other than accidental in-

juries. On invitation of the court, we filed a brief as *amicus curiae* in this proceeding.

In 1940 petitioner had been forced to cease work by silicosis, contracted by breathing silica dust from faultily adjusted "sanders" while firing respondent's locomotives.

In an opinion by Mr. Justice Rutledge, the Court held that the Locomotive Inspection Act is not confined exclusively to injuries caused by accident.

The Supreme Court in reversing the State supreme court of Missouri said:

The Congressional purpose underlying the Boiler Inspection Act is basically the same as that underlying the Safety Appliance Acts and the Employers' Liability Act. \* \* \*

As with the Employers' Liability Act, we do not doubt that the prime purpose of the Boiler Inspection Act was the protection of railroad employees and perhaps also of passengers and the public at large, cf. *Fairport, P. & E. R. Co. v. Meredith*, 292 U. S. 589, from injury due to industrial accident. The safety of all those affected by railroading was uppermost in the legislative mind. But again, as with the Employers' Liability Act, we cannot accept the view that protection of employee health is not embraced by the congressional plan.

The Court held that the Locomotive Inspection Act vests in us rule-making power adequate to protect employees against disease as well as against accidents, and the power to make rules for employees' health has been exercised.

The Court further held, "that the jury was justified in finding (1) that respondent breached the Locomotive Inspection Act (as more especially articulated in I. C. C. Rule 120, governing sanders) and (2) that such breach was a proximate cause of petitioner's injury."

Mr. Justice Frankfurter concurred in part and was joined by Justices Reed, Jackson, and Burton.

*Great Northern Ry. Co. v. United States*, 336 U. S. 933.

On March 28, 1949, in a *per curiam* opinion the Supreme Court granted our motion to affirm the decision of the district court for Delaware (81 Fed. Supp. 921) sustaining our order in *General Mills, Inc. v. Great Northern Ry. Co.*, 269 I. C. C. 457. Therein we found that failure to establish storing and processing in transit at Great Falls, Mont., in connection with the present through rates on wheat and wheat products, in carloads, from points in Montana via routes through Butte, Mont., to destinations in California and Nevada, was unreasonable and unduly prejudicial, and prescribed reasonable transit arrangements for the future.

The Supreme Court sustained the lower court on the authority of *Board of Trade of Kansas City v. United States*, 314 U. S. 534; *Virginian Ry. Co. v. United States*, 272 U. S. 658, and *Central Railroad Company of New Jersey v. United States*, 257 U. S. 247.

*Texas v. United States*, 337 U. S. 911.

On May 31, 1949, in a *per curiam* opinion, the Supreme Court granted our motion to affirm, and sustained our report and order in *Oklahoma v. Missouri Pac. R. Co.*, 268 I. C. C. 195 (as amended May 25, 1948), wherein we found rates on dense soda ash from origin points to destinations in Oklahoma and Arkansas to be unjustly discriminatory against interstate traffic, etc., thus affirming the action of the district court, 84 Fed. Supp. 791.

*Beard-Laney, Inc. v. United States*, 338 U. S. ———.

On October 10, 1949, in a *per curiam* opinion the Supreme Court granted our motion to affirm, and sustained our report and order of February 19, 1948, in Docket No. MC-106119, *Associated Petroleum Carriers Common Carrier Application*, 47 M. C. C. 884, wherein we found public convenience and necessity required operation by applicant as a common carrier by motor vehicle of petroleum products over irregular routes, from and between specified points in certain southern States, thus affirming the action of the district court, 83 Fed. Supp. 27.

*United States v. Hudson Transit Lines, Inc.*, 338 U. S. ———.

On October 10, 1949, in a *per curiam* opinion the Supreme Court granted a motion to affirm filed by appellee, thus sustaining a decision of the district court dated April 16, 1948, which had set aside in part our order of July 8, 1947, in Docket No. MC-2835 (Sub-No. 10), *Adirondack Transit Lines, Inc., Extension—Lincoln Tunnel*, 47 M. C. C. 829, approving an application for extending motor bus service from New York and New Jersey points to New York City via the Lincoln Tunnel. The decision of the lower court is reported in 82 F. Supp. 153.

*United States v. Interstate Common Carrier Council of Maryland*, 338 U. S. ———.

On October 17, 1949, in a *per curiam* opinion, the Supreme Court, without awaiting oral argument, affirmed the judgment of the District Court for the District of Maryland, 84 Fed. Supp. 414, holding invalid our report of December 8, 1947, in Docket No. MC-31444 (Sub-No. 27) *Schreiber Extension—Foodstuffs*, 47 M. C. C. 845, insofar as it found applicant entitled to a certificate of public convenience and necessity to transport general commodities, with exceptions, between Baltimore and Philadelphia, over U. S. Highway No. 1 for operating convenience only. The motor carrier held authority to operate over a route from Pittsburgh to New York by way of Harrisburg, and separate authority to operate over another route from Baltimore to Harrisburg for operating convenience only. To warrant the issuance of a certificate for the alternate route over U. S. Highway No. 1, a showing of public con-



venience and necessity was essential, and such a showing had not been made in this case.

*Acme Fast Freight, Inc., v. United States*, 338 U. S. ———.

On October 24, 1949, in a *per curiam* opinion, the Supreme Court affirmed the decision of the lower court sustaining our report and order of September 16, 1948, in Docket No. FF-95 (Sub-No. 2), *Lifschultz Fast Freight Extension—West and Midwest*, 265 I. C. C. 431, wherein we authorized applicant, which was engaged in business as freight forwarder between points in and north and east of Maryland and Pennsylvania, on the one hand, and points within approximate radius of 100 miles of Chicago, on the other hand, to extend its operation between points in Illinois, Iowa, Indiana, and Wisconsin, on the one hand, and Minnesota, Texas, and California, on the other. The lower court had held that our report was supported by substantial evidence that proposed new service would be consistent with the public interest and the national transportation policy, and that applicant was ready, willing, and able to perform such service. The Supreme Court affirmed these holdings without awaiting oral argument.

Other decisions of interest to us in connection with our work were:

*Mulcahy v. New York, New Haven & Hartford R. Co.*, 335 U. S. 867.

In this case the Supreme Court on November 15, 1948, denied a petition for writ of certiorari to review a decision of the Circuit Court of Appeals for the Second Circuit, in 169 Fed. (2d) 337, involving the Boston & Providence Railroad. The lower court had held that in reorganization proceedings of the lessee railroad, the district court did not err in entering a consummation order and final decree terminating the authority of the lessee's trustees to operate leased lines without first requiring a certificate to be obtained from us authorizing abandonment of the lessor railroad's lines by such trustees, in accordance with section 1 (18) of the Interstate Commerce Act, nor did it err in authorizing the reorganized lessee to operate said lines without first having obtained our approval and authorization fixing terms and conditions of such operation, in accordance with section 5 (2) of the act, since transfer of operation from the lessee's trustees in reorganization to the lessee itself, whose operation of lessor's lines is still subject to the bankruptcy court, does not constitute "abandonment" of operation of those lines. The district court had power to reserve jurisdiction to consider claims between reorganized lessee and its lessor, arising out of the lessee's operation of lines. By denying certiorari the Supreme Court declined to disturb these holdings.

*South Buffalo Ry. Co. v. United States*, 335 U. S. 870.

On November 22, 1948, the Supreme Court denied a petition for writ of certiorari to review a decision of the Circuit Court of Appeals

for the Second Circuit, reported in 168 Fed. (2d) 948, holding that the South Buffalo's transportation of cars which had been assembled at one point and moved as a unit for 2 miles to another point where they were broken up, with no cars added or cut off en route, constituted train movement requiring compliance with Federal Safety Appliance Act rather than a switching operation, to which act does not apply even though only a private crossing was passed.

*Widenhouse v. War Emergency Co-operative Association*, 335 U. S. 898.

The Supreme Court on December 20, 1948, denied a petition for writ of certiorari to review a decision of the Circuit Court of Appeals, Fourth Circuit, 169 Fed. (2d) 403, holding that a noncertificated motortruck owner who with other truckers had organized a corporation which obtained a certificate from us and rented its trucks from truckers was not entitled to recover damages from the lessee when one of the leased trucks operated under the lessee's license exploded as a result of negligence of driver hired by lessor; that the lessor was an independent contractor not the agent of the lessee; and that neither the lessor nor his drivers were subject to the lessee's directions in the operation of the leased trucks.

*Coray v. Southern Pacific Co.*, 335 U. S. 520.

The Supreme Court on January 3, 1949, in this case held that the requirement of the Safety Appliance Act that railroads shall not operate trains with defective brakes applies to an employee injured when defective brakes locked, the train stopped, and an employee riding a motor track car behind the train crashed into it, and evidence that the railroad employee was killed when the track car on which he was riding ran into the freight train, which had come to an emergency stop due to defective air brake, warranted submitting the case to the jury.

*Beeler v. Chicago, Rock Island & Pacific Ry. Co.*, 335 U. S. 903.

On January 3, 1949, the Supreme Court denied a petition for a writ of certiorari to review a decision of the Circuit Court of Appeals for the Tenth Circuit, reported in 169 Fed. (2d) 557, holding that the carrier could abolish the position of yardmaster at its terminal at Wichita, Kans., and create a position of agent-yardmaster with an official status and a yardmaster accepting the position of agent-yardmaster with its rights, privileges and limitations, was not within a collective-bargaining contract and could not claim any right thereunder.

*Seatrain Lines, Inc., v West India Fruit & Steamship Co.*, 336 U. S. 908.

The Supreme Court on February 7, 1949, dismissed a petition for a writ of certiorari, on motion of counsel for petitioner, to review a

decision of the Circuit Court of Appeals for the Second Circuit, 170 Fed. (2d) 775, involving the right of a steamship company to reduce its rates without prior approval of the United States Maritime Commission.

*Callaway, Trustee of the Property of the Central of Georgia Ry. Co., Debtor v. Benton*, 336 U. S. 132.

The Supreme Court on February 7, 1949, opinion by Chief Justice Vinson, in a proceeding growing out of the reorganization of the Central of Georgia Railway Co. under section 77 of the Bankruptcy Act, held that a Federal bankruptcy court may not enjoin the prosecution of a prior action brought in a State court in Georgia by the stockholders of a solvent lessor railroad (The South Western Railroad Co.) who were seeking to enjoin the conveyance of the lessor's lines (South Western) to the reorganizing lessee (Central of Georgia) since the controversy in the State court did not involve any property of the debtor within the jurisdiction of the bankruptcy court. A dissenting opinion was filed by Mr. Justice Douglas, with whom Mr. Justice Rutledge concurred.

*Hamilton Foods, Inc., v. Atchison, T. & S. F. Ry. Co.*, 337 U. S. 917.

On May 31, 1949, the Supreme Court denied a petition for a writ of certiorari in this case to review a decision of the lower court, 173 Fed. (2d) 573, holding that in a suit by a shipper to recover damages for spoilage of a carload of frozen shrimp allegedly caused by the railroad's negligent failure to provide adequate refrigeration, the shipper was entitled to damages for shrimp found to be damaged when car was opened, but was not entitled to recover for damage to the balance of shipment which was not discovered until after the lading left carrier's possession.

*United States v. Jones, Receiver*, 336 U. S. 641.

This case involves a suit by Alfred W. Jones, receiver (Georgia & Florida Railroad) in the Court of Claims, 110 Ct. Cl. 330, 77 Fed. Supp. 197, in which that court set aside findings and orders of this Commission (192 I. C. C. 779; 214 I. C. C. 66), and awarded a judgment for increased compensation for the transportation of mail beyond the amounts already paid for that service under the general rates fixed by the Commission.

On April 18, 1949, the Supreme Court (opinion by Mr. Justice Rutledge), in reversing the Court of Claims, held that that court did not have jurisdiction of a suit brought by the railroad under the Tucker Act seeking recovery of the difference between what was paid the railroad under an order of the Commission for the compulsory carrying of the mails under the Railway Mail Act and the fair and reasonable compensation for the services rendered. The Supreme Court



held that the Court of Claims had erred in substituting its judgment for that of the Commission in fixing fair and reasonable mail pay.

*California v. Zook*, 336 U. S. 725.

This case involved a statute of California prohibiting the sale or arrangement of any transportation over the public highways of the State if the motor carrier has no permit from the Interstate Commerce Commission. Part II of the Interstate Commerce Act has substantially the same provision in section 203 (b). Respondents operated a travel bureau in Los Angeles and received commissions for arranging share-expense passenger transportation in automobiles. In a prosecution for a violation of the State act, the highest court of California held that the State statute entered an exclusive congressional domain occupied by section 203 (b).

On April 25, 1949, the Supreme Court, in a 5-4 opinion by Mr. Justice Murphy, reversed the appellate department of the Superior Court of Los Angeles County, Calif. (197 P. (2d) 851), and held that the mere coincidence of the State and Federal laws did not invalidate the State law. Mr. Justice Burton filed a dissenting opinion, in which Mr. Justice Douglas and Mr. Justice Jackson joined. Mr. Justice Frankfurter filed a separate dissent.

*Income Bondholders of the Pecria & Eastern Railway Co. v. New York Central Railroad Co.*, 336 U. S. 919.

The Supreme Court on February 28, 1949, denied a petition for a writ of certiorari to review a decision of the lower court (78 Fed. Supp. 312), which had held that, in a railroad adjustment proceeding of a subsidiary railroad company under chapter XV of the Bankruptcy Act, wherein the parent companies, which operated the subsidiary as their agent under operating agreement, had filed a claim against subsidiary for advances to cover its alleged deficits, the evidence adduced by subsidiary's income bondholders in opposition to the claim was not sufficient to show that the operating companies had departed from usual fiduciary standards of fairness in their dealings with the subsidiary by making unfair and improper allocations of revenues and expenses.

*Federal Communications Commission v. WJR, The Goodwill Station, Inc.*, 337 U. S. 265.

The Supreme Court, in an opinion by Mr. Justice Rutledge, reversed a decision of the United States Court of Appeals for the District of Columbia (174 Fed. (2d) 226), and held that the due process clause does not require the Federal Communications Commission to grant a hearing on a petition or application which it deems to be insufficient on its face as a matter of law. "Certainly the Constitution does not require oral argument in all cases where only insubstantial or frivolous questions of law, or indeed even substantial ones, are raised." The

constitutional need for oral argument must be determined not by a broadside generalization, but on a case-to-case basis. This case was remanded to the Court of Appeals for a determination as to the sufficiency of the finding of the Communications Commission as a matter of law apart from the constitutional issue.

*Atlantic Freight Lines, Inc. v. Pennsylvania Public Utility Commission*, 336 U. S. 925.

The Supreme Court on March 7, 1949, denied a petition for a writ of certiorari to review a decision of the Superior Court of Pennsylvania (60 A (2d) 589), holding that in the absence of a determination by the Interstate Commerce Commission a certificated interstate motor carrier's transportation of freight between two points within Pennsylvania partly over highways of another State is interstate commerce, a State commission has jurisdiction to determine whether such transportation is in fact in interstate commerce, and whether transportation partly over the roads of another State is a subterfuge to evade the State's regulatory authority over intrastate commerce. The State court also held that the evidence was sufficient to support the findings of the Pennsylvania commission that such transportation was intrastate commerce. By denying certiorari the Supreme Court declined to disturb these holdings.

*Boston R. R. Holding Co. v. Delaware & Hudson Co.*, 336 U. S. 932.

On March 28, 1949, the Supreme Court dismissed the appeal in this case on the ground that no substantial Federal question was involved. The proceeding related to a Massachusetts law enacted in 1946, requiring dissolution of the Boston Railroad Holding Co., a corporation established by the State in 1909 for the purpose of holding securities of the Boston & Maine Railroad. The holding company was controlled by the New York, New Haven & Hartford Railroad, original owner of the Boston & Maine securities which the holding company acquired, and the contentions were that the 1946 State law here under attack, was unconstitutional, as it required the appointment of a receiver for the holding company and the sale by the receiver of the stock of the holding company in such a manner that, except as to the Boston & Maine, not over 5 percent of the total voting power of the Boston & Maine might be acquired by any one purchaser. The Delaware & Hudson Railroad in 1944 had spent \$607,000 to buy 10,000 shares of the Boston Railroad Holding Co. stock, and other than the Boston & Maine, the only stockholder having voting power of as much as 1.2 percent was the Pennroad Corp., holding more than 201,000 shares, equivalent to about 19 percent of the voting power, and the 5 percent limitation with respect to stock sales by the receiver did not forbid any later concentration of voting power or later acquisitions of control by interests other than the New York, New

Haven & Hartford. The lower court had held that the Massachusetts statute did not deprive the transferor and the holding company of their property without due process of law nor impair the obligation of the contract.

*Chicago, M., St. P. & P. R. Co. v. Acme Fast Freight, Inc.*, 336 U. S. 465.

In this case in an opinion by Mr. Chief Justice Vinson the Supreme Court held that the right given by section 20 (12) of part I of the Interstate Commerce Act to an initial carrier against its connecting carriers for loss and damage claims does not apply to freight forwarders who have paid such claims to their shippers and seek to be recompensed by the carrier responsible for the loss. The court described the status of forwarders in some detail and then said: "The forwarder thus has some of the characteristics of both carrier and shipper." The statements of Congressman Wolverton, ranking minority leader of the House Committee on Interstate and Foreign Commerce, were given great weight by the court in reaching its conclusion. The decision of the Circuit Court of Appeals for the Second Circuit (166 Fed. (2d) 778) was reversed.

*New Amsterdam Casualty Co. v. A. Cimpi Express Lines, Inc.*, 336 U. S. 938.

The Supreme Court case on March 28, 1949, denied a petition for a writ of certiorari to review a decision of the highest court of the State of New York, reported in 298 N. Y. 693; 82 N. E. (2d) 588. The lower court had held that an insurer which issued an automobile liability insurance policy covering the operation of a specified tractor and trailer by an intrastate motor carrier under the jurisdiction of New York Public Service Commission, and which, upon sale of the tractor and trailer to a carrier certificated by the Interstate Commerce Commission, endorsed the purchaser's name on policy containing a clause excluding the trailer from coverage if it was being used with any automobile not covered by like insurance with the insurer, was liable to the full extent of the policy on judgments obtained against the purchaser for deaths and personal injuries resulting from a highway accident involving the trailer, even though it was being used with a tractor not covered by like insurance at the time of the accident, since the policy was a "required policy" under the public service law of New York, and exclusions thereunder were not effective. By denying certiorari, the Supreme Court declined to disturb these holdings.

*Breeding Motor Freight Lines, Inc., v. Reconstruction Finance Corp.*, 338 U. S. ———.

The Supreme Court on October 10, 1949, denied a petition for a writ of certiorari to review a decision of the Circuit Court of Appeals for the Tenth Circuit, reported in 172 Fed. (2d) 416, wherein the court



held that the evidence supported a finding of the district court that petitions for reorganization filed by motor carriers under the Bankruptcy Act were not filed in good faith and should be dismissed. The fact that the motor carrier's note and mortgages were not approved by the Interstate Commerce Commission prior to their execution did not require reversal of the judgment of the district court foreclosing mortgages on the carriers' properties securing their note, in view of the fact that the Commission gave unmistakable recognition to the validity of the note and mortgages by subsequently approving the transfer of the carriers' certificate of convenience and necessity acquired by the purchaser at a judicial sale of the carriers' assets.

*United States v. Seaboard Air Line Railroad Co.*, 338 U. S. ———.

On October 17, 1948, the Supreme Court denied a petition for a writ of certiorari to review a decision of the Court of Claims (83 Fed. Supp. 1012), holding that the railroad's suit against the United States for mail charges is governed by the general 6-year statute of limitations applicable to actions against the Government (28 U. S. C. 2501) and not by the 2-year statute of limitations in section 16 (3) of the Interstate Commerce Act.

By denying certiorari the court declined to disturb these holdings.

*United States v. Colorado & Southern Ry. Co.*, 338 U. S. ———.

On October 17, 1949, the Supreme Court denied a petition for a writ of certiorari to review a decision of a three-judge district court in Colorado (84 Fed. Supp. 134), holding that a decree of the district court dated March 9, 1943, approving the railroad's adjustment plan under chapter XV of the Bankruptcy Act, on which date the court found that there were no taxes due the United States, was *res judicata* of the questions (a) that no taxes were due for the year 1942, and (b) that certain data, computations, deductions, etc., as reported in the taxpayer's 1940, 1941, and 1942 returns were correct and consequently must be used in computing the 1943 tax liability. The lower court had also held that the district court had jurisdiction and rendered judgment concerning the railroad's liability for proposed adjustment of 1942 and 1943 taxes.

By denying certiorari, the Supreme Court declined to disturb these holdings.

*Duryee v. Erie Railroad Co.*, 338 U. S. ———.

On October 24, 1949, the Supreme Court denied a petition for a writ of certiorari to review a decision of the Court of Appeals for the Sixth Circuit, 175 Fed. (2d) 58, which was an action by a trustee of a subsidiary railroad in reorganization under section 77 of the Bankruptcy Act against the parent railroad for adjudication that the parent railroad is liable for certain of subsidiary's obligations and debts, and wherein the lower court had held that the action was barred

by section 77 (f) of the Bankruptcy Act, and by "bar" order entered in parent's reorganization proceeding under section 77, discharging parent from all debts, obligations, and liabilities. By denying certiorari the Supreme Court declined to disturb these holdings. The subsidiary railroad was the New York & New Jersey Railroad and the parent, the Erie Railroad.

*Willapoint Oysters, Inc., v. Ewing*, 338 U. S. ———.

On October 24, 1949, the Supreme Court denied a petition for a writ of certiorari to review a decision of the Court of Appeals for the Ninth Circuit, 174 Fed. (2d) 676, construing certain provisions of the Administrative Procedure Act. The lower court had held that a regulation of the Food and Drug Administration fixing standard of fill of oyster containers was an instance of rule making and therefore not subject to adjudicatory provisions of the Administrative Procedure Act, and that the regulation was supported by substantial evidence. By denying certiorari the Supreme Court declined to disturb these holdings.

#### BUREAU OF LOCOMOTIVE INSPECTION

The work of this Bureau is shown in detail in the report of the director, published separately. Except as otherwise stated the report here made is for the fiscal year ended June 30, 1949.

The following tables covering the fiscal years indicated are self-explanatory.

TABLE I.—*Reports and inspections—Steam locomotives*

	Year ended June 30—					
	1949	1948	1947	1946	1945	1944
Number of locomotives for which reports were filed.....	33,866	37,073	39,578	41,851	43,019	43,297
Number inspected.....	85,353	93,917	94,034	101,869	115,979	117,334
Number found defective.....	7,035	9,417	10,243	11,337	11,975	12,710
Percentage inspected found defective.....	8	10	11	11	10	11
Number ordered out of service.....	436	654	708	690	506	630
Number of defects found.....	28,642	38,855	41,250	56,541	53,367	56,617

TABLE II.—*Accidents and casualties caused by failure of some part of the steam locomotive, including boiler, or tender*

	Year ended June 30—					
	1949	1948	1947	1946	1945	1944
Number of accidents.....	228	341	360	419	410	403
Percent increase or decrease from previous year.....	33.1	5.3	14.1	<sup>1</sup> 2.2	<sup>1</sup> 1.7	<sup>1</sup> 26.3
Number of persons killed.....	10	15	16	10	20	25
Percent increase or decrease from previous year.....	33.3	6.3	<sup>1</sup> 60.0	50.0	20.0	7.4
Number of persons injured.....	243	361	464	439	429	466
Percent increase or decrease from previous year.....	32.7	22.2	<sup>1</sup> 5.7	<sup>1</sup> 2.3	7.9	<sup>1</sup> 24.9

<sup>1</sup> Increase.

TABLE III.—*Accidents and casualties caused by failure of some part or appurtenance of the steam locomotive boiler*<sup>1</sup>

	Year ended June 30—							
	1949	1948	1947	1946	1945	1944	1915	1912
Number of accidents.....	81	104	116	156	141	141	424	856
Number of persons killed.....	9	14	12	10	13	17	13	91
Number of persons injured.....	94	108	124	165	154	194	467	1,005

<sup>1</sup> The original act applied only to the locomotive boiler.

TABLE IV.—*Reports and inspections—locomotives other than steam*

	Year ended June 30—					
	1949	1948	1947	1946	1945	1944
Number of locomotive units for which reports were filed.....	12,692	9,803	7,805	6,616	6,094	5,139
Number inspected.....	30,684	20,798	13,115	10,908	9,888	7,711
Number found defective.....	1,238	853	633	499	447	378
Percentage of inspected found defective.....	4.0	4.1	4.8	4.6	4.5	4.9
Number ordered out of service.....	20	21	19	17	16	9
Number of defects found.....	2,804	1,745	1,442	1,385	1,212	1,026

TABLE V.—*Accidents and casualties caused by failure of some part or appurtenance of locomotives other than steam*

	Year ended June 30—					
	1949	1948	1947	1946	1945	1944
Number of accidents.....	49	41	40	38	29	17
Number of persons killed.....			2		1	
Number of persons injured.....	67	50	41	56	40	23

#### INVESTIGATION OF ACCIDENTS AND GENERAL CONDITION OF LOCOMOTIVES

All accidents reported to the Bureau as required by the law and rules were carefully investigated and appropriate action taken to prevent recurrence as far as possible. Copies of published reports of accident investigations were distributed to interested parties and otherwise used in our effort to bring about a diminution in the number of such accidents.

#### STEAM LOCOMOTIVES

Two hundred and twenty-eight accidents occurred in connection with steam locomotives, resulting in 10 deaths and 243 injuries. This represents a decrease of 113 accidents, a decrease of 5 in the number of persons killed, and a decrease of 118 in the number of persons injured compared with the preceding year.

During the year, 8 percent of the steam locomotives inspected by our inspectors were found with defects or errors in inspection that



should have been corrected before the locomotives were put into use; this is a reduction of 2 percent from the results obtained in the preceding year. Four hundred and thirty-six locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe, a decrease of 218 locomotives compared with the preceding year. Locomotives found defective were not ordered out of service if such defects did not render them unsafe for the service to which they were assigned.

#### EXPLOSIONS AND OTHER BOILER ACCIDENTS

Five boiler explosions occurred in the fiscal year. All were caused by overheating of the crown sheets due to low water. Seven employees were killed in these accidents and 14 were injured. There was a reduction of eight in the number of boiler explosions, a decrease of five in the number of employees killed, and a reduction of one in the number of employees injured compared with the preceding year.

One of the explosions occurred on a locomotive in passenger train service, three on locomotives in freight-train service, and the remaining one on a locomotive in charge of an engine watchman. Absence of a safe water level was known to employees on one of the locomotives prior to the explosion. This boiler was equipped with fusible plugs, which had functioned, but it could not be determined whether any action had been taken to dump the fire because all members of the engine crew were killed in, or died as a result of, the accident. The other four boilers were not equipped with either fusible plugs or low water alarms. Detailed accounts of the explosions which occurred on the locomotive in passenger train service and the three locomotives in freight train service are contained in individually published accident reports.

Seventy-six boiler and appurtenance accidents other than explosions resulted in the death of 2 employees and injuries to 80 employees. This is a decrease of 15 accidents and a decrease of 13 injuries compared with the preceding year.

#### EXTENSION OF TIME FOR REMOVAL OF FLUES

Two hundred and ninety-nine applications were filed for extension of time for removal of flues, as provided in rule 10. Our investigations disclosed that in 29 of these cases the condition of the locomotives or other circumstances were such that extensions could not properly be granted. Seven were in such condition that the full extensions requested could not be authorized, but extensions for shorter periods of time were allowed. Eight extensions were granted after defects disclosed by our investigations were required to be repaired. Seven

applications were canceled for various reasons. Two hundred and forty-eight applications were granted for the full period requested.

#### LOCOMOTIVES PROPELLED BY POWER OTHER THAN STEAM

Forty-nine accidents, resulting in injuries to 67 persons, occurred in connection with locomotives propelled by power other than steam. This represents an increase of 8 in the number of accidents and an increase of 17 in the number of injured compared with the preceding year.

During the year, 4 percent of the locomotives inspected by our inspectors were found with defects or errors in inspection that should have been corrected before the locomotives were put into use; this represents a decrease of 0.1 percent compared with the results obtained in the preceding year. Twenty locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe, one less than the number in the preceding year.

#### SPECIFICATION CARDS AND ALTERATION REPORTS

Under rule 54 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 187 specification cards and 4,382 alteration reports were filed, checked, and analyzed. These reports are necessary in order to determine whether or not the boilers represented were so constructed or repaired as to render safe and proper service and whether the stresses were within the allowed limits. Corrective measures were taken with respect to numerous discrepancies found.

Under rules 328 and 329 of the Rules and Instructions for Inspection and Testing of Locomotives Other Than Steam 2,915 specifications and 409 alteration reports were filed for locomotive units, and 437 specifications and 270 alteration reports were filed for boilers mounted on locomotives other than steam. These were checked and analyzed and corrective measures taken with respect to discrepancies found.

#### LEGAL

One case of violation of the rules and instructions for inspection and testing of steam locomotives and tenders and their appurtenances which was pending in the district court was dismissed upon motion.

#### APPEALS

No formal appeal by any carrier was taken from the decisions of any inspector during the year.

## BUREAU OF MOTOR CARRIERS

One of the principal problems of motor carriers since the end of the war has been the shortage of equipment, repair parts and facilities, and experienced personnel. These are now adequate. However, due to increased costs of equipment, parts, and labor, the motor carriers have found it necessary to operate as conservatively as possible in order to maintain a reasonably safe ratio between revenues and expenses. There has been a slight decrease in their volume of traffic but, by reason of revenue increases in some areas, the over-all revenue of motor carriers is substantially the same as last year.

Our staff has cooperated with motor carriers, carrier associations, insurance companies, and State officials in an effort to obtain a better safety record in the industry as a whole. Although some progress is being made in this important part of our work, there is an urgent need for a considerable enlargement of our safety program as evidenced by the accident situation described under the report of our Section of Safety.

During the year many general proceedings relating to the practices of motor carriers and brokers moved closer to completion. Extensive hearings were completed in the investigation of practices in Ex Parte No. MC-43, Lease and Interchange of Vehicles by Motor Carriers, mentioned in our last report, and an examiner's proposed report has been released finding a need for a comprehensive set of rules governing these practices. In Ex Parte No. MC-39, Practices of Property Brokers, 49 M. C. C. 277, 13 rules were prescribed to define their general duties and obligations to the public. Petitions for reconsideration have been filed. Also before us for final action is Ex Parte No. MC-42 which deals with the handling of c. o. d. collections by motor carriers.

Progress has been made in No. MC-C-968, Determination of Exempted Agricultural Commodities, designed to determine the scope of one of the principal exemptions in the act, and to clarify the meaning of commodity descriptions in outstanding operating authorities. The examiner has recommended a finding as to the commodities he considers to be within the meaning of the term "agricultural commodities (not including manufactured products thereof)" used in section 203 (b) (6) of the act. On petition, Ex Parte No. MC-19, Practices of Motor Common Carriers of Household Goods, has been further heard to determine whether any change is warranted in the definition of household goods.

## SECTION OF CERTIFICATES

Following is (a) a summary of the status of the various applications handled by this section; (b) a statement showing the number of



carriers, other than temporary, whose operations are subject to regulation under part II of the Interstate Commerce Act:

*Applications filed since enactment of part II of the Interstate Commerce Act*

	Cumulative to Oct. 31, 1948	Received Nov. 1, 1948, to Oct. 31, 1949	Cumulative to Oct. 31, 1949
"Grandfather" applications filed on and prior to Feb. 12, 1936.....	82,775	<sup>1</sup> 1	82,776
"Grandfather" applications filed after Feb. 12, 1936.....	6,790	2	6,792
Applications for authority to institute new operations.....	32,678	2,957	35,635
Applications for authority to conduct broker operations.....	1,417	57	1,474
Statements under second proviso of section 206 (a).....	5,997	634	6,631
Applications for temporary authority under section 210a (a).....	32,332	2,258	34,590
Applications for exemption of one State operation under section 204a (a).....	127	1	128
Extension of temporary authorities under section 9 (b) (5 U. S. C. 1008 (b)).....	12,086	499	12,585
Applications for transfer or lease of operating rights under section 212 (b).....	23,688	1,798	25,486
Applications for transfer or lease of operating rights, or for acquisition of control under section 5.....	4,013	348	4,361
Applications for temporary authority under section 210a (b).....	1,245	100	1,345
Total applications received.....	203,148	8,655	211,803
Applications approved.....	94,832	3,726	98,558
Applications denied, dismissed, or withdrawn.....	105,042	4,954	109,996
Applications pending.....	3,274	-25	<sup>2</sup> 3,249
Total.....	203,148	8,655	211,803

<sup>1</sup> One application previously reported as second proviso section 206 (a) transferred to "Grandfather."

<sup>2</sup> Of the 3,125 applications pending as of Aug. 31, 1949, 14 are filed under the "Grandfather" clauses of the act, sections 206 (a) and 209 (a), by motor carriers who claim to have been in bona fide operation on June 1, 1935, as common carriers, or on July 1, 1935, as contract carriers. The carriers filing such applications are authorized by the act to continue operations pending determination of their applications.

The following tabulation indicates the number of carriers and brokers engaged in motor vehicle transportation activities whose operations are subject to regulations under part II of the act. Motor carriers operating exclusively under temporary authority granted under section 210a (a) are not included. The data include some carriers issued operating authorities which were authorized temporarily to suspend operations under the Second War Powers Act, which expired March 31, 1947, many of which have now been revoked for failure to resume such operations.

Motor carriers	Cumulative to Oct. 31, 1948	Nov. 1, 1948 to Oct. 31, 1949	Cumulative to Oct. 31, 1949
<i>Property carriers</i>			
Common—issued certificates under secs. 206 or 207.....	<sup>1</sup> 15,778	-433	<sup>2</sup> 15,345
Common—under second proviso of sec. 206 (a).....	1,870	20	1,890
Contract—issued permits under sec. 209.....	3,105	-186	2,919
"Grandfather"—no final authority issued.....	26	-13	13
Late "grandfather"—no final authority issued.....	28	-23	5
Total property carriers.....	20,807	-635	20,172
<i>Passenger carriers</i>			
Common—issued certificates under secs. 206 or 207.....	<sup>1</sup> 1,415	3	<sup>2</sup> 1,418
Common—under second proviso of sec. 206 (a).....	158	-6	152
Contract—issued permits under sec. 209.....	13	4	17
"Grandfather"—no final authority issued.....	5	-2	3
Late "grandfather"—no final authority issued.....	3	2	5
Total passenger carriers.....	1,594	1	1,595
Total motor carriers.....	22,401	-634	21,767

See footnotes at end of table.

## BROKERS ISSUED LICENSES UNDER SEC. 211 OF THE ACT

Property.....	91	1	92
Passenger.....	97	-3	94
Total brokers.....	188	-2	186

<sup>1</sup> 292 carriers of property and 27 carriers of passengers also conduct some additional operations under the second proviso of sec. 206 (a).

<sup>2</sup> 295 carriers of property and 25 carriers of passengers also conduct some additional operations under the second proviso of sec. 206 (a).

## SECTION OF COMPLAINTS

The following table indicates the condition of the docket of the Section of Complaints for the year ending October 31, 1949 (corresponding data for the year ending October 31, 1948, are also given):

	1948	1949
Applications for common-carrier certificates, contract-carrier permits, brokers' licenses, and certificates of exemption:		
Received for handling.....	3, 171	3, 105
Reopened.....	177	109
Hearings.....	2, 985	2, 564
Under submission at end of period.....	536	594
Disposed of, including reopened proceedings:		
Recalled by section of certificates for further handling.....	51	65
Dismissed.....	359	432
By effective recommended order.....	1, 902	1, 821
By report of the Commission or a division of the Commission.....	916	853
Pending at end of period.....	2, 202	2, 245
Petitions disposed of.....	1, 012	962
Complaints and investigations relating to motor carriers' rates, rules, and practices and investigation and suspension proceedings:		
Formal complaints filed, including subnumbers.....	23	63
Investigation instituted.....	7	14
Investigation and suspension proceedings instituted.....	145	221
Reopened.....	6	4
Hearings.....	71	96
Under submission at end of period.....	23	15
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued.....	129	128
By effective recommended order.....	24	41
By report of the Commission or a division of the Commission.....	42	36
Pending at end of period.....	118	215
Petitions disposed of.....	35	65
Finance applications under sec. 5 of the act:		
Received for handling.....	370	344
Reopened.....	24	44
Hearings.....	174	213
Under submission at end of period.....	71	46
Disposed of, including reopened, proceedings:		
Dismissed.....	26	26
By report of the Commission or a division of the Commission.....	324	360
Pending at end of period.....	179	181
Petitions disposed of.....	107	201
Temporary authority applications under sec. 210a (b) disposed of.....	95	99
Proceedings to determine whether holders of certificates, permits, and licenses are complying with the terms of the act, the Commission's orders, rules, and regulations and the terms of their operating authorities:		
Formal complaints filed, including subnumbers.....	28	23
Investigations instituted.....	9	21
Reopened.....	2	5
Hearings.....	17	24
Under submission at end of period.....	9	14
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued.....	12	14
By effective recommended order.....	1	7
By report of the Commission or a division of the Commission.....	15	10
Pending at end of period.....	45	63
Petitions disposed of.....	21	39

## SECTION OF INSURANCE

The Section of Insurance has continued to give close attention to the administration of our rules and regulations under sections 211 (c), 215, and 403 (c) and (d) of the act pursuant to which brokers of transportation, motor carriers and freight forwarders are required to provide security for the protection of the public in the form of surety bonds, policies of insurance, or qualifications as a self-insurer. During the year the section received, examined for approval and filed 52,603 certificates of insurance, 571 surety bonds, 10,008 notices of cancellation of policies of insurance and surety bonds, and 1,186 notices rescinding previously filed notices of cancellation or notices reinstating previously canceled policies of insurance and surety bonds. In addition 4 applications for approval of qualifications as a self-insurer were received and considered, and the section received and interpreted 77 financial statements from motor carriers previously found qualified as self-insurers, or from corporate sureties other than surety companies approved by the United States Treasury Department.

All brokers of transportation licensed by us under section 211 of the act are required to furnish surety bonds to insure financial responsibility and the supplying of authorized transportation in accordance with contracts, agreements, or arrangements therefor. All motor carriers operating subject to our jurisdiction, and all freight forwarders offering to perform transfer, collection, or delivery services for shippers and consignees within terminal areas, are required to provide security for the protection of the public in the form of surety bonds, policies of insurance, or qualifications as a self-insurer to assure the payment of any final judgments recovered against them for the death of or bodily injuries to any person, or loss of or damage to property of others, resulting from negligence in the operation of motor vehicles in their transportation service. In addition, motor common carriers of property, and all freight forwarders, must provide surety bonds, policies of insurance, or qualifications as a self-insurer to assure payment to shippers and consignees for loss of or damage to their property coming into the possession of such motor common carriers and freight forwarders in connection with their transportation services and for which they may be held legally liable. There are now on file with us 192 surety bonds executed in behalf of brokers of transportation; 21,854 certificates of insurance, surety bonds, and qualifications as a self-insurer covering the automobile bodily injury and property damage liability of 21,767 motor carriers and 87 freight forwarders; and 18,901 certificates of insurance, surety bonds and qualifications as a self-insurer covering the legal liability of 18,805 motor common carriers and 96 freight forwarders to compensate shippers and consignees for loss of or damage to cargo.



The Section of Insurance has the duty of keeping us currently informed as to the financial condition, stability, and reliability of the insurance companies insuring motor carriers and freight forwarders, so that we can be assured that the public will be adequately protected. This involved a study of the published reports and financial statements of 438 insurance companies of which 134 were requested to file, and did file, complete financial statements for examination and interpretation.

## SECTION OF LAW AND ENFORCEMENT

The status of investigations and litigation during the year is as follows:

*Investigations with the view to enforcement action*

Pending Nov. 1, 1948.....	512
Added Nov. 1, 1948, to Oct. 31, 1949.....	584
Total requiring attention.....	1, 096
Closed.....	497
Pending Oct. 31, 1949.....	599
	1, 096

Classification, according to types of violations involved in investigations added during the year. Each unit represents one or a number of violations of the same type by the same person.

Operating without authority.....	376
Nonobservance of rates and charges on file.....	94
Unification without authority.....	11
Nonobservance of safety regulations.....	203
Insurance requirements.....	48
Accounting requirements.....	9
Miscellaneous.....	33
Total.....	774

Court cases	Civil	Criminal	Total
Awaiting institution Nov. 1, 1948.....	4	108	112
Pending in court Nov. 1, 1948.....	23	96	119
Total cases then on hand.....	27	204	231
Cases authorized during year Nov. 1, 1948, to Oct. 31, 1949.....	42	563	605
Total cases requiring attention during year.....	69	767	836
Cases concluded during year Nov. 1, 1948, to Oct. 31, 1949.....	45	461	506
Cases abandoned during year Nov. 1, 1948, to Oct. 31, 1949.....	1	28	29
Total cases disposed of.....	46	489	535
Awaiting institution Oct. 31, 1949.....	5	105	110
Pending in court.....	18	173	191
Total cases on hand Oct. 31, 1949.....	23	278	301

The foregoing figures relate to work done by the enforcement branch of this section. Of the 506 court cases mentioned as concluded, 445 involved statutory violations of a criminal nature and resulted in the imposition of penalties totaling \$214,981. The Department of Justice moved for dismissal of seven cases for various reasons. An acquittal resulted in nine cases. Appropriate decrees were entered against defendants in 36 of the 45 civil cases concluded. A decree for the defendant was rendered in two cases, and the Department of Justice requested dismissal of seven civil actions.

Classification by types of offenses charged in court proceedings concluded October 1, 1948, to October 1, 1949. Each unit represents one or a number of counts for the type of offense against one person:

Carrier operating without authority.....	175	Unqualified drivers.....	8
Broker operating without license..	7	Failure to report accidents.....	6
No insurance—civil and criminal..	40	False hours of service reports....	12
Rebates and concessions.....	11	Drivers falsifying logs.....	24
C. o. d. remittances.....	19	Failure to file hours reports.....	7
Operating without proper rates....	10	Driver drinking on duty.....	1
Failure to observe lawful rates....	11	Extension of credit.....	5
Excess on-duty hours.....	38	Fictitious bill of sale.....	1
Excess driving hours.....	32	Accounting reports and records....	13
No doctor's certificates.....	60	Improper billing.....	11
Failure to require logs.....	58	Failure to issue or retain B/L, F. B. or receipt.....	5
Drivers' logs—none or improper..	16	Unlawful control.....	3
Defective equipment.....	5	Issuing securities w/o authority...	1

Attorneys of the section, including those assigned to the field staff, participated in 44 administrative hearings conducted by us during the year. Under consideration were such matters as the fitness of applicants to secure new operating authority or to be permitted to acquire such authority from others; complaints alleging operations or practices in violation of the act; investigations to determine the existence of unlawful control of carriers; investigations to determine the necessity for new rules and regulations or for changes in or additions to existing ones; and the like. In many of these proceedings the issues were quite complex and the testimony voluminous, and considerable work was necessary in marshaling the facts, preparing exhibits, and later in digesting the matters of record where briefs, petitions, or oral arguments are necessary.

An important phase of the work of the law branch is to prepare opinions on questions arising under part II of the act. During the past year there were handled 1,698 written requests for advice and opinions relating to legal questions, both from within the Commission and from the public. In addition to requests for interpretations, possible redress in informal complaints, the manner of complying

properly with Commission regulations, necessity for operating authority, and the like, considerable work has been done by the law branch in reviewing the content of regulations and general orders prior to their release for compliance with statutory limitations, including the Administrative Procedure Act.

The briefing unit, whose duties were described in our 1944 report, prepared a total of 233 legal memoranda and briefs during the year.

#### SECTION OF SAFETY

The following reports dealing with the general accident situation of motor carriers were published: Analysis of Mechanical Defect Accidents of Motor Carriers—1948 (issued October 1949) and Motor Carrier Fire Accidents—1948 (issued October 1949).

To the extent of the ability of our available staff we are continuing our enforcement work with motor carriers in an attempt to obtain compliance with our motor-carrier safety regulations. The number of motor vehicles and combinations inspected by our field staff in 1948 and the first 6 months of 1949 reveal the following: Number of vehicle inspections in 1948—16,073, in which there were disclosed 57,970 separate deficiencies; for the period October 1, 1948, to September 30, 1949, there were 10,106 such inspections revealing 36,052 deficiencies. In both of these periods the deficiencies included defects in steering mechanisms, brakes, lighting devices, and various other mechanical features necessary for the safe operation of motor vehicles on the highway.

The number of driver-asleep accidents reported during the period July 1, 1948, to June 30, 1949, was 249 as compared to 197 for the similar preceding period. The increase is due to a larger total number of accidents reported and use of a new supplemental form designed to elicit more specific information in questionable cases.

We have had excellent results through improvements of highways at places where defects or deficiencies thereof have caused accidents and which have been called to the attention of the Bureau of Public Roads.

Members of the staff of this section have continued to hold conferences with manufacturers to acquaint them with unsafe designs as revealed by accident analyses. Tests have been conducted, both with motor carriers and governmental agencies, involving brakes, safety glass, etc. Members of the staff have represented the Commission on various committees and have served as advisers for such organizations as the American Association of Motor Vehicle Administrators, the National Safety Council, the American Trucking



Associations, Inc., the Society of Automotive Engineers, the American Standards Association, and various other governmental and private organizations which have generally accorded authoritative weight to their views.

Members of the staff have also served on committees of the Federal interdepartmental safety council and the President's Highway Safety Conference, both of which agencies have been established pursuant to an Executive order of the President. A member of the staff also serves as chairman of the National Committee on Uniform Traffic Laws and Ordinances.

During the year there has been a marked increase in the severity and frequency of accidents involving the transportation of steel and steel products by motor carrier, which were considered in conferences between members of our staff, motor carriers engaged in the transportation of these commodities, and others, seeking means of prevention of gross overloading of vehicles and other unsafe loading practices. As a result of these conferences an agreement on remedial measures was reached by shippers and motor carriers.

Our order in Ex Parte No. MC-40 and Ex Parte No. MC-4, dated September 14, 1948, effective on January 1, 1949, prescribed new forms for the reporting of accidents, both bus and truck. By order of June 13, 1949, in Ex Parte No. MC-2, effective September 1, 1949, we prescribed new forms also for reporting of excess hours of service of motor carrier employees.

By a report and order of September 16, 1949, in Ex Parte No. MC-40 (49 M. C. C. 663), Ex Parte No. MC-3, and Ex Parte No. MC-4, division 5 denied a petition for modification of rule 1.21 (a) of the Motor Carrier Safety Regulations, revised, which forbids the employment in over-the-road transportation of drivers who have suffered the loss of an arm, leg, hand, or foot. It was found that retention of the rule in its present form is necessary for the protection of the public.

#### FIELD

This Bureau's field work is performed by staff members located at 79 points which were selected on the basis of the number of carriers and shippers and square miles of territory which could be reached from such points with a minimum of travel time.

Each member of the field staff must be qualified to deal with matters affecting safety of operation, insurance for the protection of the public, rate matters, operating authorities, interpretation of the regulations, and enforcement of the provisions of the act.

The reports of other sections of this Bureau refer to the various functions which are performed by such sections. Most of the matters

referred to them receive initial handling by the field staff before being sent to Washington, or receive subsequent field handling before final disposition.

The field staff investigated the records and operations of 2,205 carriers for general compliance; made 2,522 terminal inspections pertaining to safety of operation; inspected 15,503 motor vehicles; examined 19,259 reports dealing with hours of service of motor-vehicle drivers; and investigated 216 accidents out of a total of 22,466 accidents reported to the Bureau. Because of our limited personnel only the most serious accidents which resulted in fatalities or major property damage could be investigated. Six thousand and nine cases of failure or delay in providing insurance were handled. Three thousand four hundred and sixty-six applications dealing with temporary authority to provide emergency transportation service were handled by the staff in addition to 1,062 regular or permanent operating authority applications, 1,503 transfer applications, and 816 revocation petitions.

A total of 11,053 informal complaints were filed by shippers and carriers with the field staff which undertook necessary investigation and corrective action. Additional investigation and recommendation for enforcement action was made in 649 cases.

The field staff interviewed 353,300 persons, either by telephone, in person at the field offices, or in the field with respect to matters dealing with the administration and enforcement of part II of the Interstate Commerce Act.

There are at present 21,887 for-hire motor carriers and 187 brokers that are subject to the provisions of the Interstate Commerce Act. Seven hundred and twenty exempt motor carriers and 2,432 private motor carriers were officially notified that their motor-vehicle operations in interstate or foreign commerce are subject to our Motor Carrier Safety Regulations, making a total of 5,126 exempt carriers and 19,197 private carriers that have been so advised to date. It is estimated that there are 25,000 exempt carriers and 100,000 private carriers that have never been notified, except through press releases, that they are subject to the safety regulations. With the staff at our disposal, it is impossible to make the application of our safety regulations wholly effective with respect to exempt and private motor carriers that operate approximately 1 million motor vehicles over the Nation's public highways.

#### BUREAU OF SAFETY

A more detailed report of this Bureau is published as a separate document.

Except as otherwise specified, the report here made is for the year ended June 30, 1949.

## SAFETY APPLIANCES

The following table shows the result of inspection of safety appliances, together with corresponding data for the preceding year:

	1949	1948
Freight cars inspected.....	1, 072, 219	1, 072, 504
Percent defective.....	3. 21	3. 69
Passenger-train cars inspected.....	27, 481	23, 870
Percent defective.....	3. 28	4. 13
Locomotives inspected.....	12, 044	11, 748
Percent defective.....	4. 12	4. 66
Number of defects per 100 units inspected.....	38. 12	43. 84

During the year, 177 cases of violation of the safety-appliance laws, comprising 673 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, cases comprising 285 counts were pending in the district courts. Judgment was confessed in cases comprising 653 counts, 2 counts were dismissed, and 40 counts tried, resulting in judgment for the Government in cases comprising 33 counts, for the defendant in cases comprising 6 counts, and 1 count is awaiting decision. Five of the counts decided in favor of the defendant are pending on appeal. The one count awaiting decision last year was decided in favor of the Government. On June 30, 1949, cases comprising 263 counts were pending in the district courts.

Our order of September 21, 1945, required power brakes and appliances which would meet specifications previously prescribed by us to be installed on all railroad-owned cars used in freight service, except those equipped with passenger-car brakes. This order was amended August 27, 1948, so as to require completion of such installations on interchange cars on or before January 1, 1950, and on or before January 1, 1952, on all other cars. The order was further amended October 10, 1949, so as to require that each railroad which, on December 31, 1949, may have 2,000 or fewer interchange cars unequipped with the prescribed brakes shall equip all of such cars in 1950, and that each railroad which, on that date may have more than 2,000 interchange cars unequipped, shall equip one-half of such cars in 1950, and the remainder in 1951. As of June 30, 1949, approximately 86 percent of railroad-owned cars used in interchange freight service were equipped with power brakes and appliances which conform to our specifications.

The Association of American Railroads' proposed type F interlocking couplers for freight cars have been applied experimentally to six cars in general service. Additional applications up to 250 car sets have been authorized for interchange service in order to obtain further service experience.



Up to the present time the Association of American Railroads has issued certificates of approval for 25 types of geared hand brakes, comprising 14 vertical wheel types, 8 horizontal wheel types, and 3 lever types.

## HOURS OF SERVICE

The following table contains statistics for the year and corresponding data for the preceding year:

	1949	1948
Railroads filing hours-of-service reports.....	667	677
Railroads reporting instances of excess service.....	192	196
Instances of excess service reported.....	19,143	28,422

Eight cases of violation of the hours-of-service law, comprising 25 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, cases comprising 25 counts were pending in the district courts. Judgment was confessed in cases comprising 39 counts, 1 count was dismissed, and 5 counts were tried, resulting in judgment for the Government. On June 30, 1949, cases comprising five counts were pending in the district courts.

## SIGNAL SYSTEMS, INTERLOCKING AND AUTOMATIC TRAIN-STOP AND TRAIN-CONTROL DEVICES

According to reports submitted by the carriers block-signal systems, interlocking and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1949, as follows:

	Plants	Miles of—		Locomotives
		Road	Track	
Block-signal systems:				
Automatic.....		74,888.6	106,530.4	
Nonautomatic.....		31,177.0	32,463.4	
Total.....		106,065.6	138,993.8	
Interlocking: Number of plants.....	4,511			
Automatic train-stop, train-control and cab-signal devices:				
Intermittent <sup>1</sup> .....		6,347.1	11,755.1	5,766
Continuous.....		4,396.8	9,136.5	5,147
Total.....	4,511	10,743.9	20,891.6	10,913

<sup>1</sup> Listed under "intermittent" are 415 locomotives having dual intermittent-continuous equipment.

Detailed information concerning these installations is contained in the annual statistics bulletin, compiled separately.

During the year, 817 applications for approval of modification of block-signal systems and interlockings were filed by the carriers, and

at the beginning of the year action was pending on 126 applications, previously filed; of these, 804 applications were acted upon, 20 were withdrawn, and action was pending on 119 at the close of the year.

On July 1, 1948, 2 applications were pending for approval of modifications of the rules, standards, and instructions prescribed by our order of April 13, 1939, or for approval of extension of time within which certain sections were to become effective. During the year, 25 such applications were filed, 23 were acted upon, and 2 were withdrawn. At the close of the year, 2 such applications were pending.

In 10 cases further extensions of time were granted carriers in connection with applications covering projects which could not be completed within the original time limit allowed by our orders.

During the year public hearing was held on one application and action taken thereon.

Monthly signal-failure reports filed by the carriers are summarized in tables 3, 3a, and 3b of the appendix of the annual statistics bulletin, the totals being as follows:

False restrictive failures.....	35, 860
False proceed failures.....	156
Potential false proceed conditions.....	16

During the year, inspections were made as follows:

Block-signal systems.....	764
Interlockings.....	1, 590
Automatic train-control and cab-signal devices.....	476
Centralized traffic control systems.....	268
Other similar appliances, methods, or systems.....	66
Total.....	3, 164

These inspections have resulted in bringing to the attention of the railroad managements for necessary corrective action a large number of unsatisfactory maintenance conditions which have been found to exist.

Two cases of one count each for violation of section 25 of the Interstate Commerce Act were transmitted to United States attorneys for prosecution. At the beginning of the year, cases comprising nine counts were pending in the district courts. Judgment was confessed in cases comprising three counts. On June 30, 1949, cases comprising eight counts were pending in the district courts.

#### INVESTIGATION OF ACCIDENTS

The Bureau investigated 69 train accidents, of which 46 were collisions and 23 were derailments. The collisions resulted in 61 deaths and injuries to 649 persons. The derailments resulted in 19 casualties and injuries to 561 persons. The totals were 80 killed and 1,210 injured.

The following information relates to five of the more serious accidents investigated:

Kind of accident	Trains involved	Number of persons		Cause
		Killed	Injured	
Derailment.....	Passenger train.....	-----	108	Defective spring-frog assembly.
Do.....	do.....	2	41	Rock slide.
Head-end collision.....	do.....	4	165	Failure of one of the trains involved to obey a meet order and the indication of an automatic block signal.
Derailment.....	do.....	-----	80	Obstruction on track.
Do.....	do.....	1	76	False flange resulting from slid-flat driving wheel.

#### GRADE CROSSINGS—RAILWAY WITH HIGHWAY

During the calendar year 1948 there were 3,964 accidents at highway grade crossings, which resulted in the death of 1,612 persons and the injuries to 4,255 persons. Automobiles were involved in 3,543 of these accidents, in which 1,355 persons were killed and 4,054 injured. There were 50 derailments of trains as a result of collisions between trains and automobiles, which caused the death of 21 persons and the injuries to 95 persons. Of the total casualties resulting from derailments and other train accidents at highway grade crossings 5 persons killed and 79 injured were railroad passengers, employees, or persons carried under contract. Information concerning accidents of this character together with comparable statistics for the preceding 2 years, railway with highway, is shown in the following table:

*Accidents at highway grade crossings, years ended Dec. 31, 1948, 1947, and 1946*

	1948			1947			1946		
	Number	Number of persons		Number	Number of persons		Number	Number of persons	
		Killed	Injured		Killed	Injured		Killed	Injured
Accidents at highway grade crossings.....	3, 964	1, 612	4, 255	4, 015	1, 790	4, 251	4, 001	1, 851	4, 397
Accidents at highway grade crossings involving automobiles.....	3, 543	1, 355	4, 054	3, 569	1, 521	4, 055	3, 518	1, 558	4, 317
Derailments of trains as a result of collisions between trains and automobiles.....	50	21	95	61	18	59	60	23	79
Miscellaneous train accidents as a result of collisions between trains and automobiles.....	224	70	99	315	139	193	245	112	140
Automobiles registered.....	40, 622, 264	-----	-----	37, 402, 230	-----	-----	33, 945, 817	-----	-----
Railroad casualties:									
Passengers.....	-----	2	42	-----	2	67	-----	-----	25
Employees on duty.....	-----	9	73	-----	19	95	-----	21	95
Persons carried under contract.....	-----	-----	11	-----	-----	7	-----	-----	4
Total.....	-----	11	126	-----	21	169	-----	21	124



On December 31, 1948, there were 226,844 crossings at grade of railways with highways.

#### MEDALS OF HONOR

During the year four applications for awards of medals of honor were filed and acted upon; two applications were denied and two medals were awarded, based upon the following facts:

1. To Edward R. Irish, a trackman employed by the Chesapeake & Ohio Railway, who rescued a 21-month-old child from the path of a train approaching at a speed of 60 miles an hour, near Blackmar, Mich., on October 13, 1947. Seeing the child crawling over the tracks, Irish ran to him and tossed him to one side, barely in time for both to avoid being struck by the locomotive.

2. To Fred H. Chamberlin, a crossing watchman for the Atlantic Coast Line Railroad at St. Petersburg, Fla., who rescued a partially paralyzed man on November 9, 1948, by running ahead of a train, lifting the man from the tracks, clearing the front end of the approaching locomotive by only a few inches. The speed of the train was 15 miles an hour.

Since the passage of this act, 99 applications have been filed, of which 62 have been awarded medals, and 37 denied.

#### INVESTIGATION OF SAFETY DEVICES

During the year, plans and specifications of five devices designed to increase safety in railway operation were examined and opinions thereon transmitted to the proprietors or their agents.

#### BUREAU OF SERVICE

Since the "National Defense" appropriation was discontinued in 1945, one-half or more of our field force of service agents has been paid from funds of the Office of Defense Transportation. A request was made for 60 service agents for the fiscal year 1950 which would have permitted us to continue 30 service agents who had been paid from the ODT funds. Our request was cut to an amount which will enable us to have a field force of only 30 men. This resulted in the separation of all those employees, several of whom were in the grain territory to assist in the grain movement.

Last spring our agents began a concerted drive to determine whether or not the proper demurrage charges were being assessed and collected. In this investigation a number of cases were detected where there was an apparent laxity on the part of railroads. These cases were referred to the Bureau of Inquiry for appropriate action. It was also discovered that in a number of cases no demurrage records or improper and inadequate records were maintained. Cases indicating willful

failure were also referred to the Bureau of Inquiry. During the period from October 1, 1948, to September 30, 1949, our agents interviewed 6,952 industrial and 23,119 railroad officials. Six thousand six hundred and forty-seven Form 5 reports of car detention were submitted.

In our last annual report we mentioned Service Order No. 778, intended to correct uneconomical railroad practices, which was suspended before it became effective upon the filing by the carriers with us of an agreement indicating their willingness voluntarily to make effective the provisions of the order. This agreement by the railroads was made a part of the "Car Service Rules" by its inclusion as "Appendix C," supplement to the Code of Car Service Rules, effective January 1, 1949.

Until June 30, 1949, we had continued to investigate inefficient and uneconomical operating conditions and service rendered on railroads and at industries. Since that time, due to the reduced number of service agents, we have been unable to continue the work as thoroughly as heretofore. However, spot checks are made from time to time in various localities for the purpose of determining whether or not the railroads are living up to their agreement contained in this supplement to the Code of Car Service Rules.

At the present time all of our service agents are engaged in an intensive investigation of conditions at the principal transfer points throughout the country to determine the effect of the 40-hour work-week on the railroads.

#### GRAIN

As has been customary, service agents were sent from their headquarters to augment the number regularly located in the grain-producing sections and placed at Amarillo, Lubbock, Fort Worth, Dallas, and Houston, Tex., Enid and Oklahoma City, Okla., Kansas City, Mo., and Omaha, Nebr., to assist in expediting the movement.

The principal problem this season until recently was not a shortage of cars as in previous years, but insufficient storage space. The elevators at the beginning of the season were partly filled with last year's grain, and a great amount remains on the farms. This condition made it necessary for the Government to assist the farmers by advancing 70 percent of the value of the wheat as loans when it was placed in proper storage.

Since September serious car shortages have developed which are retarding the movement of the soybean and rice crop. It may become necessary to issue service orders for the purpose of expediting the movement.

## COAL

The movement of coal has presented no problem this year. The coal miners ceased work for 1 week beginning June 13, then worked 5 days, after which they began a 2-week holiday. After their return they worked only 3 days and in some instances only 2 days a week. On September 19 all bituminous and anthracite miners again struck. All anthracite miners and soft-coal miners west of the Mississippi were ordered back to work. However, the output of coal in those regions is only 7 percent of the total. In these circumstances carloadings of revenue coal are considerably reduced from the levels of previous years as shown by the following statement of these loadings for 36 weeks:

	1949	1948	1947	1946
36 weeks ended Sept. 10-----	4, 628, 433	6, 058, 952	6, 144, 599	5, 409, 366
1949 decrease under 1948:	1,430,519 cars or 23.6 percent.			
1949 decrease under 1947:	1,516,166 cars or 24.7 percent.			
1949 decrease under 1946:	780,933 cars or 14.4 percent.			

Owing to restrictions imposed on production, as well as reduced demands, carloadings of revenue coal during the past 10 weeks were only 59 percent of the loadings during the same period last year.

Bituminous coal production for 35 weeks to September 3 was 18.9 percent below the similar period of 1948 while anthracite production was 26.4 percent below last year.

Lake coal shipments continue to decline and the adjusted quota of 45,000,000 tons is not likely to be met unless there is a marked increase in shipments.

Coal shipments to Canada amounted to 12,558,000 gross tons, prior to September 1, substantially below the 16,749,000 gross tons in the corresponding period last year.

The movement of water-borne export coal in August was reduced for the second successive month considerably below the levels of the first half of the year. This reduction resulted from restricted production but there was also a falling off in foreign demands. The following tabulation shows tonnage by months for the first 8 months of 1949 and 1948:

	Gross tons	
	1949	1948
January-----	1, 436, 990	2, 541, 175
February-----	1, 397, 175	2, 254, 160
March-----	1, 450, 761	1, 726, 223
April-----	1, 818, 895	588, 391
May-----	1, 890, 667	1, 735, 675
June-----	1, 795, 493	2, 269, 291
July-----	517, 042	1, 813, 621
August-----	540, 017	1, 790, 664
Total-----	10, 847, 040	14, 718, 600



In connection with the strike of steel workers the unionized workers in the ore-producing ranges of Minnesota, the Upper Peninsula of Michigan, and northern Wisconsin also went on strike. After the loading of such ore vessels as are now at the head of the lakes, it is understood that these boats will suspend operations for the season. Prior to the strike ore shipments had been moving at record levels.

The estimated ore shipments for 1949 were 85 million tons. About September 15 it was expected that this estimate would be reduced to approximately 76 million tons. Prior to September 30 about 68 million tons had been shipped from the head of the lakes, and the total lake shipments will probably be about 70 million tons for the season or slightly more. The largest movement of lake ore in any year prior to 1942 was 66 million tons.

#### SERVICE ORDERS

During the period from October 1, 1948, to September 30, 1949, under our emergency powers, 38 service orders and 60 special permits, revisions, and amendments were issued.

The two principal service orders issued were second revised Service Order No. 95 which provides for the appointment of a refrigerator car agent, who is assisted by an advisory board for the purpose of keeping us informed currently as to the refrigerator car situation, and revised service order No. 562 which appointed the Director of the Bureau a rerouting agent in times of emergency. There have been six occasions for action under this service order.

The most serious emergency resulted from the strike of 5,000 operating employees of the Missouri Pacific Railroad September 9. The strike forced the railroad to lay off about 20,000 nonoperating employees, and all loaded traffic was diverted to connecting lines. Empty tank cars were routed in accordance with the owners' instructions, and railroad-owned empty cars were utilized according to instructions of the A. A. R. Anticipating the cessation of work, the railroad issued an embargo for all freight and we entered our order simultaneously effective authorizing diversion.

When the coal strike began September 19 the railroads had on hand an average of 55 days' supply of fuel coal. We were advised October 21 that the reserve of some carriers had reached a dangerously low level and was interfering with the movement of trains. Because of this emergency we issued our Service Order No. 843, requiring each railroad operating coal-burning steam locomotives and having not more than 25 days' supply of fuel coal and no dependable source of supply to reduce its passenger locomotive miles requiring coal consumption to an amount 25 percent less than that under the operations of October 1, 1949. The order became effective at 11:59 p. m.,

October 25, 1949, and will continue until the same hour, December 25, 1949, unless its modification shall be warranted in the meantime.

#### SECTION OF EXPLOSIVES

The Section of Explosives is continuing to receive an unusual number of requests for information and assistance from governmental and private agencies, as well as from industries and the general public. This increased demand for information and copies of our regulations is due to the many new dangerous articles that have been developed since the war and are now being transported.

Some of the major undertakings of this section have been the writing of specifications for large portable tanks and cargo tanks to transport corrosive liquids and compressed gases. Two portable tank specifications have been issued, and we are at present working on new specifications for cargo-tank motor vehicles to be used for the transportation of various liquefied compressed gases. These containers have been in great demand for transportation of larger quantities of gases and corrosive liquids. The demand for copies of our Regulations for the Transportation of Explosives and Other Dangerous Articles, including amending orders, is unusually large, and we are at work on a complete revision of the regulations.

Five orders making 220 changes were issued as amendments to keep the regulations on a current basis by providing containers specifications and shipping requirements for the many new dangerous materials or articles developed during the year.

A total of 248 special permits to deviate from regulations were issued during the year to provide shippers with adequately safe means of shipping explosives or dangerous articles in substitute or experimental containers or by alternate methods, because of shortage of regulation containers, or conditions that prohibited full compliance with the regulations. Each application or substitute method is carefully investigated, and shippers or receivers are required to take special precautions in the use of substitute materials or containers to insure that no undue hazards result because of the permitted deviation. The regulations are being amended to meet the new conditions as rapidly as possible.

Service agents and explosives agents rendered a total of 829 reports covering their investigations throughout the country. These reports involved 692 railroads, 5 motor carriers, and 132 industries. The reports indicated full compliance in 294 instances. The violations disclosed were as follows: Missing or unnecessary placards, 175; irregularities in notifying railroad employees as to dangerous nature of shipments, 116; improper billing, 109; improper position of plac-

arded cars in trains, 56; missing or improper labels on dangerous shipments, 22; miscellaneous, 57.

No persons were killed or injured as a result of rail transportation of commercial explosives in 1948.

### BUREAU OF TRAFFIC

Data covering particular activities of subdivisions of this Bureau are shown below:

#### SECTION OF TARIFFS

There were received for filing 153,152 publications containing changes in freight, express, pipe line and freight forwarder rates, classification ratings or contract carrier minimum rate schedules and in passenger fares. This figure comprises tariff publications as follows:

Freight:	
Rail, motor, or water common carrier.....	121, 086
Contract schedules, motor or water.....	1, 804
Passenger.....	21, 579
Express.....	4, 022
Pipe line.....	558
Freight forwarder.....	4, 103
 Total	 153, 152

Of these tariff publications, 1,826 were rejected for failure to give notice required by the statute or to conform to prescribed regulations. Tariff publications were criticized in 14,933 instances. Powers of attorney and certificates of concurrence filed aggregated 17,630. Applications received seeking special permission to establish rates or fares on less than statutory notice or for waiver of certain of our tariff-publishing rules numbered 9,564. Specific orders entered granting, denying, amending, or revoking special permissions numbered 10,111. There were received and filed 2,411 copies of traffic contracts between common carriers and 4,050 between motor contract carriers and shippers covering the charges of such carriers for transportation for such shippers. The issuance of certificates and permits to motor carriers and the transfer of such operating rights are conditioned upon compliance with our tariff rules. Compliance with the tariff rules was checked in 3,387 certificate and permit matters and in 3,137 transfer matters. Rate matters involved in 1,752 applications for temporary authority to establish new or extended motor operations were acted upon during the year. For use in transportation studies 293,574 freight waybills were analyzed and individually checked to determine the rates and distances involved. Our duplicate tariff file has been maintained for the use of the public.



Pursuant to the provisions of section 409, we have prescribed terms and conditions under which freight forwarders may utilize the services and instrumentalities of motor common carriers at less than published tariff rates. Our order in this proceeding, effective March 1, 1950, requires the freight forwarder to file with this Commission schedules (known as schedules of compensation arrangements) which adequately describe the services to be performed by the motor carrier for each freight forwarder and the compensation to be paid therefor. There have been filed 864 of these schedules of compensation arrangements, of which 50 were rejected for failure to comply with prescribed conditions or regulations. There have been filed 1,066 concurring agreements of motor common carriers assenting to schedules of compensation arrangements filed by the freight forwarders.

#### SUSPENSIONS

Rate adjustments, involving changes in rail, motor, water, freight-forwarder, and pipe-line tariff schedules were protested and suspension asked in 976 instances. Of these protested adjustments, 254 represented increases, 652 represented reductions, 53 represented both increases and reductions, and 17 neither increases nor reductions.

The following action was taken on the requests for suspension:

Suspended (including supplemental orders) .....	335
Refused to suspend .....	417
Schedules rejected, requests for suspension withdrawn, or protested schedules canceled .....	224
<b>Total .....</b>	<b>976</b>

Of the suspended adjustments, 72 were disposed of through informal proceedings, together with 17 adjustments suspended during the previous year.

A total of 3,692 tariff publications were involved in the above-described adjustments, of which 2,055 were increases, 1,112 reductions, 436 included both increases and reductions, and 89 represented no change.

Parties requesting suspension numbered 3,708 with 526 parties opposing suspension.

Rail carriers protested 15 rail adjustments, 204 motor-carrier adjustments, and 8 water-carrier adjustments. Motor carriers protested 627 motor-carrier adjustments, 31 rail adjustments, 3 water-carrier adjustments. Water carriers protested 15 rail adjustments. As to freight-forwarder adjustments, 8 were protested by competing freight forwarders, and 4 by motor carriers. Nearly all of these adjustments represented reductions in rates.

Of the protested adjustments involving increased rates, 14 were protested by Federal and 15 by State agencies.

#### THE FOURTH SECTION

The number of applications for relief was 809. The number of orders entered in response to applications was 719, of which 21 were denial orders, 506 were orders granting continuing relief, and 192 were orders granting temporary relief. Thirty-five formal reports were issued.

Applications withdrawn, wholly or in part, after correspondence with carriers, numbered 31; and 50 applications or portions thereof were heard.

The number of petitions for modification of orders was 345, of which 300 were granted, 26 were denied, 4 were withdrawn, and 15 are pending.

The number of applications filed under authority of the 1940 amendment of section 4 (1), which enables the carriers to file tariffs naming the rates involved at the same time that application is made to the Commission for approval of the departures, was 609 or 75.3 percent of the total number of applications filed, as compared with 28 percent in 1942, and 63 percent in 1948.

#### EXPRESS

Of the tariff publications filed, 4,022 represented changes in express rates and classification ratings. Of the applications received seeking special permission to establish rates on less than statutory notice or waiver of certain of our tariff-publishing rules, 71 related to express tariffs.

#### RELEASED RATES

There were filed 39 applications for authority under sections 20 (11), 219, and 413 of the act to establish rates dependent upon declared or agreed values, and 7 such applications were pending at the beginning of the year. Of this total of 46, 20 were granted, 7 were withdrawn, and 19 are pending. During the year, seven orders previously entered were rescinded.

#### BUREAU OF TRANSPORT ECONOMICS AND STATISTICS

This Bureau (1) collects monthly, quarterly, annual, and other periodic reports from all classes of carriers subject to the regulation of the Commission, excepting class I motor carriers, the reports from which are collected by the Bureau of Accounts and Cost Finding; (2) compiles financial, operating, and other data from the individual re-

ports of all these carriers, including class I motor carriers; (3) collects and compiles special reports from these carriers either under orders of the Commission or by circular letter when and as such information is required by the Commission; (4) produces a series of monthly, quarterly, and annual publications based on these reports; (5) prepares memoranda or special studies and analyses of the data collected from the carriers and of other transportation and related economic information for the use of the Commission or individual Commissioners in connection with matters pending before the Commission and for use of the public when this is deemed to be appropriate; (6) develops exhibits in rate and other proceedings when so directed; (7) on request advises with and assists examiners and others with regard to statistical matters involved in exhibits in rate and other proceedings; (8) acts as consultant on economic and statistical problems relating to transportation; and (9) complies with innumerable requests for statistical and other information regarding transportation made by Government agencies, carriers, shippers, and the general public.

Primarily because of the enlargement of the jurisdiction of the Commission over water carriers, private car lines, and freight forwarders, but also because of continued increase in the number of class I motor carriers, the total number of annual reports filed in 1948 by carriers again showed an increase over the preceding year. During the 12-month period ended June 30, 1949, the total number of annual, quarterly, and monthly reports filed, excluding those from class II and class III motor carriers considered below, was 46,874, of which 4,543 were annual reports. These figures represent increases of 25.9 and 71.3 percent, respectively, over the 37,224 and 2,652 reports filed during the 1939 fiscal year. Between September 1939 and April 1949, however, despite this increase, there has been an actual decrease in the personnel of the two sections handling these reports (Annual Reports and Operating Returns) of about 5 percent. In our report for 1948 we pointed out that the carriers' returns must be examined, tabulated, and reviewed in order to produce the statistics required for the proper exercise of our regulatory functions, that the publication of these highly necessary statistics was being delayed and that backlogs were tending to accumulate. During the past fiscal year the situation has worsened rather than improved.

As noted in our report for last year, annual reports from class II and class III motor carriers of freight and passengers covering the year 1948 were required under our order of August 26 of that year. To date some 15,000 to 16,000 annual reports have been received from these carriers and these annual reports represent a further addition to the increasing work load of the Bureau referred to above. Although compilation and tabulation of these reports should have been begun



some months ago, no personnel are available for this work and we see no possibility of compiling and publishing these data during the fiscal year ending in 1950. This we regard as unfortunate, especially in view of the fact that under our order a similar number of reports will be due from these carriers on April 1 next covering the results for the calendar year 1949.

In the compilation of our freight commodity statistics the rail and water carriers subject to our jurisdiction use the commodity classification which we have prescribed for the reporting of freight-commodity statistics by these carriers.

A few years ago an understanding was reached among the Corps of Engineers (Department of the Army), the Bureau of the Budget, and this Commission providing that the commodity classification prescribed by us would be used by the Corps of Engineers for the production of its water carrier commodity statistics, thus making these comparable with those which we collect from the rail and water carriers subject to our jurisdiction.

The Corps of Engineers is also required by law to furnish annually commodity information for each port in the United States, and these commodity statistics are compiled according to the classification used by the census for the compilation of the import and export statistics of the United States. Because of this latter situation, the original arrangement referred to above has been discarded, at least for the time being. As a substitute, an interagency committee, on which we were represented, has expended considerable time in combining our commodity classifications with those of the Bureau of the Census into a commodity classification for "Shipping Statistics," to be used for the compilation of the domestic water carrier statistics of the Corps of Engineers in 1949 and until other arrangements are made.

The results of this compromise are not entirely satisfactory from the standpoint of the information available to us in connection with the regulation of rail and water carriers subject to our jurisdiction. Under this program, as nearly as we can now determine, nearly 28 percent of the rail tonnage cannot be compared directly with the corresponding domestic water-borne tonnage, although about 90 percent of the water traffic can be similarly compared with rail traffic. The export and import traffic, to which the commodity classification of the Bureau of the Census applies, represents, at best, only a minor fraction of the total domestic rail and water-borne commerce.

This Bureau is represented on the freight-commodity classification committee of the Association of American Railroads, which has met several times during the past year to consider revisions in the classification of the commodities included in the freight commodity classi-

fication. The details of this classification are based upon that prescribed by us for use in the preparation of reports of freight commodity originations and terminations filed by rail and water carriers subject to our jurisdiction. The establishment of this committee dates from 1946 when the previous and somewhat obsolete freight commodity classification was revised and expanded from 157 to 262 classes, which by our order of September 26, 1946, became effective on January 1, 1947.

The purpose of this standing committee is to maintain a continuous review of all proposals and recommendations involving such matters as the inclusion of new commodities in the classification and transfers, consolidations, or eliminations of individual commodities, as well as the definitions and interpretations involved. It is expected through this procedure not only to keep the freight-commodity classification constantly up to date but also to avoid the necessity in the future of any such time-consuming review of the classification as was involved in the revision and expansion preceding our order of September 26, 1946.

Considerable progress has been made in the consolidation of our present annual report form for maritime carriers with that of the U. S. Maritime Commission, the objective being a single form which will serve the purposes of both agencies. The differences in the report forms and in the character of the data required by each agency have been discussed at conferences between representatives of these two agencies and the Bureau of the Budget. At the close of the fiscal year the drafting of a consolidated report form was being actively progressed.

During the past year representatives of the staff of the Bureau have cooperated with the Bureau of Railway Economics of the Association of American Railroads in the preparation of a formula for comparative rating of the safety records of the individual railroads as indicated by our statistics of railway accidents.

During the past 2 years, this Bureau has been represented on working committees of the Interagency Committee on the Development and Application of the Standard Industrial Classification. Some progress was made toward a more rational classification of transportation industries, although there remain several groupings which should be changed in any future revision of the Standard Industrial Classification in order to correspond more nearly with the realities of the transportation situations involved.

A staff member of the Bureau has also represented the Commission as an "observer member" of the Technical Catalog Committee of the Civil Establishments Advisory Catalog Board.

An unusual amount of staff time has been devoted to work in connection with various proceedings, notably Ex Parte No. 168, Increased

Freight Rates, 1948 (272 I. C. C. 695 and 276 I. C. C. 9). Members of the research staff have presented additional testimony in Docket No. MC-C-550, Investigation of Bus Fares, and other data are in preparation for presentation in this proceeding. Additional testimony has also been given in Dockets No. 29556, Charges on Small Shipments by Railroads, and No. MC-C-543, Charges on Small Shipments by Motor Carriers. Other cases requiring staff time, which may be mentioned, include Docket No. 30177, Railroad Rates on Express Matter, and Dockets 29587 and 29751 relating to per diem costs of freight car ownership.

The following special studies were released between November 1, 1948, and the date of this report:

Statement No.:	Title
4829	Motor Operations by or for Class I Railroads, 1944.
490	Revenue, Ton-Miles, and Passenger-Miles of Class I, II, and III Motor Carriers, 1940, 1941, and 1944-1948.
4914	Table of 105,000 Random Decimal Digits.
4917	Rail-Highway Grade Crossing Accidents, 1948.

### BUREAU OF VALUATION

During the year this Bureau has been engaged principally in bringing to later dates inventories, costs, and other underlying data for railroads for which valuations were previously made, auditing reports covering extensions, improvements, retirements, and other changes, collecting data reflecting changes in land values, and supplying valuation data to carriers, other Federal and State governmental agencies, cities, and the public.

The Bureau furnished statements of original cost to 12 carriers for use in setting up new investment accounts after reorganizations, consolidations, and mergers of railroad companies, in accordance with our requirements. Past accrued depreciation percentages were furnished to 9 railroads. Initial depreciation rates were supplied to 51 carriers for use in complying with our depreciation orders.

Elements of value, namely, cost of reproduction new, except land and rights, cost of reproduction less depreciation, except land and rights, original cost, except land and rights, present value of land and rights, and working capital, as of January 1, 1948, for class I line-haul steam railroads, showing totals by regions were submitted in an exhibit for Ex Parte No. 168, *Increased Freight Rates, 1948*, 276 I. C. C. 9. Valuation data that required considerable work were furnished to the Bureau of Accounts and Cost Finding, Bureau of Finance, and the Bureau of Transport Economics and Statistics for use in accounting and depreciation, reorganization, abandonment, acquisition, and cost studies. These data related, in part, to the percentage relationship of



reproduction cost in respect of certain road accounts to the total of all road accounts, the original cost as of January 1, 1948 (including working capital and present value of land and rights), and all class I steam roads and class I switching and terminal companies, as well as indices and weightings pertinent to depreciation studies.

The data furnished to other Government agencies consisted largely of information bearing on depreciation, cost indices, deferred maintenance, and other related matters. An employee of the Bureau served as secretary to the National Security Resources Board's Pipe Line Task Group, which is preparing a plan for emergency pipe-line transportation. Costs of reproduction and present value of land and rights of the class I railways were furnished to the tax officials.

The railroad construction indices prepared annually by the Bureau were revised to include 1948. These indices show that the cost of railroad construction in that year exceeded by about 24 percent the previous high point after World War I. The over-all index factor reached 281 in 1948 in relation to 1910-14 prices, as compared with 226 in 1920, with road property at 271 in contrast to 214, and equipment at 323 as against 265.

Work on pipe-line valuations was suspended in 1944 because of lack of funds. An additional allotment of funds for the fiscal year 1949 permitted the Bureau to resume the work in part. Appropriate valuation orders were served on all pipe-line carriers reporting to the Commission, and the necessary information has now been filed by all companies. Limited funds are available for continuing pipe-line work in the current fiscal year.

#### **BUREAU OF WATER CARRIERS AND FREIGHT FORWARDERS**

Activities and developments during the year in respect of rate bureau agreements and procedures, freight forwarders, water-carrier conditions, the policy to be observed in determining applications for freight-forwarder permits, shippers' associations and agents, and household-goods forwarders—all of which primarily or in some part are within the scope of this Bureau's duties—are discussed elsewhere in this report.

This Bureau's primary functions include (1) the processing of applications of water carriers and freight forwarders for operating authority or for exemption, and applications of common carriers and freight forwarders subject to the act for approval of agreements pertaining to rate and related matters and procedures within the scope of section 5a of the Interstate Commerce Act enacted June 17, 1948; (2) advice and assistance to the Commission on rate and related matters affecting water carriers and freight forwarders, and transfers of water-carrier operating authorities; and (3) effecting compliance by

the subject agencies with the provisions of the act to which the Bureau's functions pertain. To assist in its application and compliance work the Bureau maintains field offices at San Francisco, Chicago, New Orleans, and Washington. A number of violations or doubtful practices were investigated through the field offices and appropriate action taken.

Although there have been no material expansions of water-carrier service in the past year, there are pending several applications for operating authority to make certain important additions to existing services. We continue to receive numerous applications for temporary water-carrier operating authority, some of which involve efforts of ocean carriers to restore or extend coastwise or intercoastal service. Sixty such applications were filed during the year. In considering these applications, we have accorded primary importance to the question whether other service by water is already available where emergency water-carrier authority is sought. The basis for this policy was discussed in *War Shipping Administration T. A. Application*, 260 I. C. C. 589. We observed in that proceeding that the economy of ports and coastal areas is to a large extent dependent upon the existence of water transportation and concluded that in water-carrier proceedings we may consider the economic needs of commerce and industry for a particular type of transportation service.

By section 303 (e) (1) of the act, approved June 12, 1948, we are authorized to exempt from the requirements of part III the transportation of passengers between points in the United States by way of a foreign port or ports, upon a finding that application of such requirements is not necessary to carry out the national transportation policy declared in the act. Four applications have been filed under this provision and the requested exemptions granted.

During the year, 767 conferences were held in the Bureau's office in Washington with water-carrier, freight-forwarder, and rate-bureau representatives and others, regarding various matters. The Bureau issued 25 proposed reports in water-carrier and freight-forwarder application proceedings, prepared 22 revised reports in cases in which hearings were held by other bureaus, reviewed 16 reports in finance cases involving transfers of operating authority, and prepared 88 memoranda in rate cases and reviewed 4 rate reports. Two hundred and seventy-five inquiries or investigations were instituted and reports filed thereon by the field representatives, and they participated in 450 conferences.

Since part III of the act became effective, 1,906 applications have been filed for authority to continue, extend, or institute water-carrier operations, or for exemption, of which 1,886 have been disposed of by grant, denial, or dismissal.

The following is a summary of the status of the work on water-carrier applications for the year:

*Water-carrier applications*

During period Nov. 1, 1948, to Oct. 31, 1949, inclusive:

Certificates issued:

Authorizing continuance under "grandfather" clause and extension of operation.....	59
Authorizing new operations.....	8
Authorizing small-craft operations.....	—
Exemption.....	3

Permits issued:

Authorizing continuance under "grandfather" clause and extension of operation.....	11
Authorizing new operations.....	2

Orders issued:

Granting temporary authority.....	48
Extending temporary authority.....	6

Substitution applications:

Approved.....	2
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Applications dismissed or denied:

For exemption.....	2
For authority to continue operations under "grandfather" clause.....	9
For authority for new operations.....	7
For authority for small-craft operations.....	—
For authority to extend operations.....	9
For temporary authority.....	18

	Formal hearing	No formal hearing	Total
Reports issued in connection with applications:			
On applications for exemption.....	1	2	3
On applications to continue operations under "grandfather" clause and extension of operation.....	6	44	50
On applications for new authority.....	6	5	11
On applications for small craft.....			
On reconsideration.....	2		2
On temporary authority.....	3	1	4
Short-form certificates, permits, and orders issued:			
On applications to continue operations under "grandfather" clause and extension of operation.....		38	38
On new operation.....		6	6
On small craft.....			
On exemption.....		2	2
Show-cause orders.....			
On temporary authority.....		68	68
Total number of reports issued.....	18	166	184
Applications pending:			
For authority to continue operations under "grandfather" clause.....	1		1
For authority for new operations.....	5	2	7
For exemption.....		1	1
For authority to extend operations.....	2	9	11
For temporary authority.....			
Total.....	8	12	20



In addition to the above 2 applications for authority to merge or transfer water-carrier rights were acted upon during the year. There are now outstanding 272 common-carrier certificates and 65 contract-carrier permits issued to water carriers.

Eighteen applications were filed during the year to engage in freight-forwarder operations. Since part IV was passed in 1942, we have received a total of 235 applications for freight-forwarder permits. Of these, 222 have been disposed of and 13 are pending.

One hundred and two permits have been issued, and we have denied or dismissed 133 applications, principally because the operations were exempt or the applicants were subsidiaries seeking authority which would duplicate that of the proprietary forwarder.

Elsewhere in this report, for reasons there stated, we are recommending that part III of the act be amended by adding provisions and procedure for the revocation of water-carrier certificates and permits, and that the exemption of forwarders of used household goods be removed from part IV.

#### FREIGHT FORWARDERS

The freight-forwarder industry maintained a healthy position in the postwar years of 1946, 1947, and 1948, except in the fourth quarter of the latter year. Operating revenues kept pace with increased expenses, net income was favorable, and tons of freight carried remained at a fairly constant level. A noticeable drop in net income occurred, however, in the last quarter of 1948 and this condition continued through the first half of 1949, the latest period for which complete figures are available. The quarterly net income for the first three-quarters of 1948 averaged about \$1,330,000 as compared with \$232,729 in the fourth quarter, \$255,673 in the first quarter of 1949, and a net deficit of \$6,732 in the second quarter. There was a drop also in the tons of freight received in the two quarters of 1949, amounting to about 27 percent, compared with the quarterly receipts in the two previous years. The reason for this recent downward trend cannot be readily identified but it probably is related in part to business conditions and possibly also in some degree to competitive factors. It is equally difficult now to forecast the trend in the future.

With respect to the regulatory statute and its administration the questions of chief current interest to the forwarders relate to forwarder-motor carrier relations, the policy governing the issuance of permits for new or extended operations, and activities of associations and agents operating purportedly under the exemption provisions of section 402 (c).

Section 409 of the act as amended February 20, 1946, directs us to prescribe reasonable, just, and equitable terms and conditions to

govern the utilization by freight forwarders of the services and instrumentalities of common carriers by motor vehicle under agreements between the forwarders and motor carriers. In *Freight Forwarders, Motor Common Carriers, Agreements*, 272 I. C. C. 413, decided September 24, 1948, we prescribed terms and conditions to govern such agreements, including the compensation to be paid or received. Such terms and conditions were not to apply, however, to compensation to motor carriers for handling terminal-to-terminal traffic which is lower than that which would be received from rates or charges established under part II of the act. Bills have since been introduced in Congress at the request of the forwarders which would so amend section 409 as, among other things, to eliminate the requirement that terms and conditions be prescribed by us, and permit forwarders and motor common carriers to enter into agreements without statutory restriction, subject, however, to review by us. The effective date of our order prescribing terms and conditions has been postponed in conformity with a request of the Senate Committee on Interstate and Foreign Commerce pending its further consideration of this proposed legislation.

Forwarders have indicated concern over the policy to be observed in determining applications for freight-forwarder operating authority. This question was reexamined in *Lifschultz Fast Freight Extension—West and Midwest*, 265 I. C. C. 431, decided September 16, 1948, in which we reaffirmed the view that it was the intention of Congress that a somewhat liberal policy be followed in the issuance of freight-forwarder permits, and granted that application in part. The protesting forwarders brought an unsuccessful suit to enjoin our permit and order and have taken an appeal to the Supreme Court.

The operations of shippers' associations and pool-car consolidators and distributors were discussed at page 147 of our annual report for 1947 and the possible eventual adverse effect of these operations upon the regulated forwarding agencies was commented upon. Operations of this character, which are claimed to be exempt under section 402 (c) of the act, have continued to expand, and numerous complaints have been received from freight forwarders caused by losses of traffic to such operations. We have investigated a number of these operations, and in many instances it is difficult to distinguish between the service which a shipper receives from them and that provided by regulated freight forwarders. In the aggregate these groups handle a large volume of traffic. In *Pacific Coast Wholesalers' Association Investigation of Status*, 269 I. C. C. 504, we found that the above-named shippers' association was unlawfully engaged in freight forwarding subject to the act. The respondent association obtained an injunction in a district court, and the matter is now pending in the Supreme

Court. Until that case is decided, the status of such operations under the act remains in doubt, and, in the interim, action by us with respect to operations of this general character must largely remain in suspense.

Exempt forwarders of used household goods are discussed in a separate chapter.

CHARLES D. MAHAFFIE, *Chairman*.

CLYDE B. AITCHISON.

WILLIAM E. LEE.

CARROLL MILLER.\*

WALTER M. W. SPLAWN.

JOHN L. ROGERS.

J. HADEN ALLDREDGE.

WILLIAM J. PATTERSON.

J. MONROE JOHNSON.

RICHARD F. MITCHELL.

HUGH W. CROSS.

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\*Commissioner Miller died on December 24, 1949, after the adoption of the foregoing report and before it was signed by the Commissioners.





## APPENDIX A

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### SUMMARY OF INDICTMENTS RETURNED AND INFORMATIONS AND COMPLAINTS FILED IN UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1948, AND OCTOBER 31, 1949, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT

*United States v. Aberdeen and Rockfish R. Co.*, eastern district of North Carolina. February 18, 1949, information charging unlawful extension of credit and granting of concessions on demurrage charges; 10 counts.

*United States v. Acme Fast Freight, Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Atchison, T. & S. F. Ry. Co.*, southern district of California. December 7, 1948, information charging unlawful extension of credit and failure to collect 10-percent penalty charge on livestock shipments in absence of known scale weights; 10 counts.

*United States v. Atchison, T. & S. F. Ry. Co.*, southern district of California. August 3, 1949, indictment charging granting of concessions to a shipper of carload shipments of cheese; 10 counts.

*United States v. W. G. Avery Body Co., Inc.*, southern district of Mississippi. February 21, 1949, indictment charging failure to pay diversion and reconsignment charges on lumber and other commodities; 5 counts.

*United States v. Buffalo, Union-Carolina R.*, western district of South Carolina. February 11, 1949, information charging falsification of records on division of joint rates pertaining to cotton shipments; 5 counts.

*United States v. Calumet Cheese Co., Inc.*, eastern district of Wisconsin. June 2, 1949, information charging false billing of express and carload shipments of cheese; 10 counts.

*United States v. Central Chemical Corp. of Va.*, western district of Virginia. April 11, 1949, information charging soliciting, accepting, and receiving concessions through unlawful extension of credit on demurrage charges; 1 count.

*United States v. Chesapeake W. Ry.*, western district of Virginia. April 11, 1949, information charging offering, granting, and giving concessions through unlawful extension of credit on demurrage charges; 6 counts.

*United States v. Chicago, B. & Q. R. Co.*, eastern district of Missouri. October 5, 1949, information charging failure to observe demurrage tariffs; 10 counts.

*United States v. Chicago, M., St. P. & P. R. Co.*, southern district of Iowa. December 3, 1948, indictment charging offering, granting, and giving concessions through unlawful extension of credit and violations of partial unloading tariffs on potato shipments; 10 counts.

*United States v. Chicago, M., St. P. & P. R. Co.*, western district of Wisconsin. February 17, 1949, information charging offering, granting, and giving concessions on demurrage charges; 10 counts.

*United States v. Chicago, St. P., M. & O. R. Co.*, western district of Wisconsin. February 17, 1949, information charging offering, granting, and giving concessions on demurrage charges; 10 counts.

*United States v. J. R. McIntyre, d/b/a Coast Carloading Co.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Great Northern Ry. Co.*, western district of Wisconsin. February 17, 1949, information charging offering, granting, and giving concessions on demurrage charges; 10 counts.

*United States v. Illinois Central R. Co.*, southern district of Mississippi. February 21, 1949, indictment charging failure to observe diversion and reconsignment tariffs; 10 counts.

*United States v. International Forwarding Co.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Rudolph Kupferschmid*, southern district of California. August 3, 1949, indictment charging false billing of carload shipments of cheese; 10 counts.

*United States v. Magnet Cove Barium Corp.*, western district of Texas. October 31, 1949, information charging soliciting, accepting and receiving concessions through false billing of fuller's earth as common ground clay; 5 counts.

*United States v. Samuel Markman*, southern district of Iowa. December 3, 1948, indictment charging soliciting, accepting, and receiving concessions through unlawful extension of credit and violation of partial unloading tariffs on potato shipments; 10 counts.

*United States v. Merchant Shippers Association, Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Minneapolis, St. P. & S. S. M. R. Co.*, western district of Wisconsin. February 17, 1949, information charging offering, granting, and giving concessions on demurrage charges; 10 counts.

*United States v. Northern Pac. Ry. Co.*, western district of Wisconsin. February 17, 1949, information charging offering, granting, and giving concessions on demurrage charges; 10 counts.

*United States v. North Western-Hanna Fuel Co.*, western district of Wisconsin. February 17, 1949, information charging soliciting, accepting, and receiving concessions on demurrage charges; 20 counts.

*United States v. Pacific and Atlantic Shippers' Association, Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Pennsylvania R. Co.*, eastern district of Pennsylvania. November 18, 1948, information charging offering, granting, and giving concessions through failure to strictly observe its demurrage tariffs; 10 counts.

*United States v. Reading Co.*, eastern district of Pennsylvania. November 18, 1948, information charging offering, granting, and giving concessions through failure to strictly observe its demurrage tariffs; 5 counts.

*United States v. Republic Carloading & Distributing Co., Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Southern Pac. Co.*, southern district of California. December 7, 1948, information charging unlawful extension of credit and failure to collect 10-percent penalty charge on livestock shipments in absence of known scale weights; 10 counts.

*United States v. Southern Ry. Co.*, western district of North Carolina. August 30, 1949, information charging unlawful extension of credit on freight charges; 10 counts.

*United States v. Superior Fast Freight, Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Universal Carloading & Distributing Co., Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Upper Columbia River Towing Co.*, district of Oregon. October 20, 1949, information charging unlawful operations without certificate of public convenience and necessity; 3 counts.

*United States v. Wells Fargo Carloading Co., Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Western Carloading Co., Inc.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.

*United States v. Westinghouse Electric Co.*, eastern district of Pennsylvania. November 18, 1948, information charging soliciting, accepting, and receiving concessions through failure to pay lawful demurrage charges; 10 counts.

*United States v. Westland Forwarding Co.*, southern district of California. October 19, 1949, indictment charging unlawful extension of credit; 5 counts.



**SUMMARY OF CASES CONCLUDED IN THE UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1948, AND OCTOBER 31, 1949, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT**

*United States v. Aberdeen and Rockfish R. Co.*, eastern district of North Carolina, information charging unlawful extension of credit and granting of concessions on demurrage charges. April 11, 1949, plea of *nolo contendere* to one count and fine of \$1,000 imposed. Defendant given 2-year suspended sentence on two other counts and placed on probation.

*United States v. Armour and Co.*, southern district of Iowa, information charging soliciting, accepting, and receiving concessions in handling of livestock. November 3, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Atchison, T. & S. F. Ry. Co.*, southern district of California, information charging unlawful extension of credit and failure to collect 10-percent penalty charge on livestock shipments in absence of known scale weights. April 18, 1949, plea of *nolo contendere* and fine of \$2,000 imposed.

*United States v. W. G. Avery Body Co., Inc.*, southern district of Mississippi, indictment charging failure to pay diversion and reconsignment charges on lumber and other commodities. May 11, 1949, plea of *nolo contendere* entered and fine of \$1,500 imposed.

*United States v. Ben A. Bower*, eastern district of Tennessee, indictment charging misdescription of surplus U. S. Army wearing apparel. June 1, 1949, verdict of not guilty.

*United States v. Buffalo, Union-Carolina R.*, western district of South Carolina, information charging falsification of records on division of joint rates in connection with cotton shipments. September 19, 1949, plea of *nolo contendere* entered and fine of \$5,000 imposed.

*United States v. Central Chemical Corp. of Virginia*, western district of Virginia, information charging soliciting, accepting, and receiving concessions through unlawful extension of credit on demurrage charges. October 24, 1949, plea of *nolo contendere* and fine of \$1,500 imposed.

*United States v. Chesapeake Western Ry.*, western district of Virginia, information charging offering, granting, and giving concessions through unlawful extension of credit on demurrage charges. October 24, 1949, plea of *nolo contendere* and fine of \$2,000 imposed.

*United States v. Chicago & N. W. Ry. Co.*, southern district of Iowa, information charging offering, granting, and giving concessions in handling of livestock. November 3, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Chicago & N. W. Ry. Co.*, southern district of Iowa, information charging failure to strictly observe published demurrage tariffs. June 24, 1949, plea of *nolo contendere* and fine of \$2,000 imposed.

*United States v. Chicago, M., St. P. & P. R. Co.*, southern district of Iowa, indictment charging offering, granting, and giving concessions through unlawful extension of credit and violation of partial unloading tariffs on potato shipments. May 14, 1949, plea of *nolo contendere* entered and fine of \$1,000 imposed.

*United States v. Chicago, R. I. & P. R. Co.*, northern district of Illinois, complaint charging violation of Agent Kendall's order No. 11 issued under authority of Commission's Service Order No. 534. November 26, 1948, penalty of \$500 assessed.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, southern district of Iowa, information charging violation of Commission's regulations governing the transportation of explosives. January 4, 1949, plea of *nolo contendere* and fine of \$100 imposed.

*United States v. W. A. Cross*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Everglades Growers Cooperative*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Illinois Central R. Co.*, southern district of Mississippi, indictment charging failure to observe its diversion and reconsignment tariffs. June 8, 1949, plea of *nolo contendere* entered and fine of \$3,000 imposed.

*United States v. Lake Okeechobee Farmers Cooperative*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Samuel Markman*, southern district of Iowa, indictment charging soliciting, accepting, and receiving concessions through unlawful extension of credit and violation of partial unloading tariffs on potato shipments. May 14, 1949, plea of *nolo contendere* entered and fine of \$3,000 imposed.

*United States v. Pennsylvania R. Co.*, eastern district of Pennsylvania, information charging offering, granting, and giving concessions through failure to strictly observe its demurrage tariffs. February 10, 1949, plea of *nolo contendere* entered. February 16, 1949, fine of \$10,000 imposed.

*United States v. Pioneer Growers, Inc.*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Pope-Johnson Co., Inc.*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Harold Rabin Co., Inc.*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Reading Co.*, eastern district of Pennsylvania, information charging offering, granting, and giving concessions through failure to strictly observe its demurrage tariffs. February 10, 1949, plea of *nolo contendere* entered. February 16, 1949, fine of \$5,000 imposed.

*United States v. Southern Pac. Co.*, southern district of California, information charging unlawful extension of credit and failure to collect 10-percent penalty charge on livestock shipments in absence of known scale weights. April 4, 1949, plea of *nolo contendere* and fine of \$2,000 imposed.

*United States v. Southern Ry. Co.*, western district of North Carolina, information charging unlawful extension of credit on freight charges. October 6, 1949, plea of guilty to two counts and fine of \$2,000 imposed.

*United States v. Curtis A. Thompson*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Toledo, P. and W. R. Co.*, southern district of Illinois, information charging granting and giving of concessions through failure to collect switching and demurrage charges. February 24, 1949, plea of *nolo contendere* and fine of \$3,000 imposed.

*United States v. Unity Farms, Inc.*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. W. H. Vann, Inc.*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. December 24, 1948, plea of *nolo contendere* and fine of \$1,000 imposed.

*United States v. Wabash R. Co.*, eastern district of Missouri, indictment charging offering, granting, and giving concessions on shipments of new rope misdescribed as old rope. December 16, 1948, judgment of acquittal on all counts.

*United States v. H. H. Wedgworth's Estate*, southern district of Florida, indictment charging soliciting, accepting, and receiving concessions by knowingly understating amount of top ice placed in refrigerator cars. October 31, 1949, indictment dismissed.

*United States v. Westinghouse Electric Co.*, eastern district of Pennsylvania information charging soliciting, accepting, and receiving concessions through failure to pay lawful demurrage charges. February 10, 1949, plea of *nolo contendere* entered. February 16, 1949, fine of \$10,000 imposed.



## APPENDIX B

### SUMMARIES SHOWING ACTION TAKEN SINCE THE PERIOD COVERED BY THE LAST ANNUAL REPORT WITH RESPECT TO CASES INVOLVING ORDERS AND REQUIREMENTS OF THE COMMISSION AND STATUS ON OCTOBER 31, 1949, OF CASES PENDING IN THE COURTS

#### CASES DECIDED BY THE COURTS SINCE OCTOBER 31, 1948

##### SUPREME COURT OF THE UNITED STATES

*Brady Transfer & Storage Co. v. United States.*

For case history see 1948 Annual Report, page 143. On December 6, 1948, motion to affirm on behalf of United States and Interstate Commerce Commission was granted (335 U. S. 875).

*Ayrshire Collieries Corp. v. United States.*

*Chicago, M., St. P. & P. R. Co. v. United States.*

For case history see 1948 Annual Report, pages 141 and 146. On January 3, 1949, the Commission's order was sustained (335 U. S. 573).

*Great Northern Ry. Co., a Corporation, v. United States.*

For case history see 1948 Annual Report, page 148. On March 2, 1949, the case was docketed on appeal to the Supreme Court, and on March 28, 1949, motion to affirm of United States and Interstate Commerce Commission was granted (336 U. S. 933).

*Brotherhood of Railroad Trainmen et al. v. Baltimore & Ohio R. Co., et al.*

For case history see 1948 Annual Report, page 146, and page 140, this volume. On February 7, 1949, petition for certiorari was filed, and on April 4, 1949, the petition was denied (336 U. S. 944).

*State of Texas v. United States.*

For case history see 1948 Annual Report, page 147, and page 140, this volume. On May 31, 1949, motion to affirm of United States and Interstate Commerce Commission was granted (337 U. S. 911).

*Urie v. Thompson, Trustee, Missouri Pacific R. Co.*

For case history see 1948 Annual Report, page 146. On December 27, 1948, brief for Interstate Commerce Commission as *amicus curiae* was filed at the court's request, and on May 31, 1949, judgment of the lower court was reversed (337 U. S. 163).

*United States v. Interstate Commerce Commission.*

For case history see 1948 Annual Report, page 143. On June 20, 1948, judgment of the district court was reversed and the case remanded for decision on the merits (337 U. S. 426).

*Great Lakes Steel Corp. v. United States.*

For case history see page 140, this volume. On June 27, 1949, judgment of the district court was reversed and the case remanded for decision on the merits (337 U. S. 952).

*United States v. Hudson Transit Lines, Inc.*

For case history see 1948 Annual Report, pages 142 and 147. On October 10, 1949, appellee's motion to affirm was granted, and the Commission's order set aside (338 U. S. 802).

*Beard-Laney, Inc., v. United States.*

For case history see page 140, this volume. On October 10, 1949, motion to affirm of United States and the Commission was granted, and the Commission's order sustained (338 U. S. 803).

*United States v. Interstate Common Carrier Council of Maryland.*

For case history see 1948 Annual Report, page 149, and page 141, this volume. On October 17, 1949, the judgment of the district court was sustained on authorities cited, and the Commission's order held invalid (338 U. S. 843).

*Acme Fast Freight, Inc. v. United States.*



For case history see page 141, this volume. On October 24, 1949, motion to affirm of the United States and the Interstate Commerce Commission was granted and the Commission's order sustained. (338 U. S. 855)

## CIRCUIT COURT OF APPEALS, SEVENTH CIRCUIT

*Baltimore & Ohio R. Co. v. Chicago River & Indiana R. Co.*

For case history see 1948 Annual Report, page 146, and page 139, this volume. On November 11, 1948, judgment of the district court was affirmed (170 Fed. (2d) 654), and on February 7, 1949, petition for certiorari was filed in United States Supreme Court, and denied on April 4, 1949 (336 U. S. 944).

## DISTRICT COURTS OF THE UNITED STATES

*Texas Citrus & Vegetable Growers & Shippers et al. v. United States*, southern district of Texas, Brownsville division.

For case history see 1948 Annual Report, page 149. On November 10, 1948, the court dismissed the case without prejudice, and on April 1, 1949, it was discontinued because not appealed within the time prescribed by law.

*Capital Transit Co., a Corporation, v. United States.*

*Capital Transit Co., a Corporation, v. United States*, District of Columbia.

For history of these cases see 1948 Annual Report, page 143. On November 17, 1948, the Commission's order was permanently enjoined, and on March 5, 1949, the cases were docketed on appeal to the Supreme Court. On October 20, 1949, the cases were argued in the Supreme Court.

*Great Lakes Steel Corp. v. United States*, eastern district of Michigan, southern division.

For case history see 1948 Annual Report, page 147, and page 139, this volume. On December 22, 1948, the complaint was dismissed for lack of jurisdiction (81 Fed. Supp. 450), and the case was docketed on appeal to the Supreme Court on April 24, 1949.

*Riss & Co., Inc., v. Interstate Commerce Commission*, District of Columbia.

For case history see 1948 Annual Report, page 149. On December 13, 1948, plaintiff's motion for preliminary injunction was denied and on February 10, 1949, the case was docketed on appeal to the United States Court of Appeals for the District of Columbia.

*Great Northern Ry. Co., a Corporation, v. United States*, district of Delaware.

For case history see 1948 Annual Report, page 148, and page 139, this volume.

*Pacific Coast Wholesalers' Assn., a Corporation, v. United States*, southern district of California.

For case history see 1948 Annual Report, page 148. On January 24, 1949, the Commission's order was set aside (81 Fed. Supp. 991), and on June 11, 1949, the case was docketed on appeal to the Supreme Court.

*State of Texas v. United States*, western district of Oklahoma.

For case history see 1948 Annual Report, page 147. On January 26, 1949, the Commission's order was sustained (84 Fed. Supp. 791), and on April 24, 1949, the case was docketed on appeal to the Supreme Court, where, on May 31, 1949, the decision of the lower court was affirmed.

*Beard-Laney, Inc., v. United States*, eastern district of South Carolina, Columbia division.

Suit to set aside report of division 5 on reconsideration, decided February 19, 1948, in Docket No. MC-106119, *Associated Petroleum Carriers Common Carrier Application*, wherein public convenience and necessity were found to require operation by applicant, as a common carrier by motor vehicle, of petroleum products, in bulk, in tank trucks, over irregular routes, from specified points in Georgia, North Carolina, and South Carolina, to all points in those states. On November 11, 1948, the complaint was filed, and on March 10, 1949, the Commission's order was sustained (83 Fed. Supp. 27). On June 20, 1949, the case was docketed on appeal to the Supreme Court, where, on October 17, 1949, the decision of the lower court was affirmed.

*Waterways Transp. Co., Inc., v. United States*, eastern district of Missouri.

Suit to set aside Commission's report of May 26, 1947, in Docket No. W-367, *Waterways Transp., Inc., Contract Carrier Application*, 265 I. C. C. 123, finding applicant entitled to authority to continue operation as a common carrier by towing vessels in the performance of general towage, in interstate or foreign commerce, between certain ports and points along the Mississippi River, the

Illinois Waterway, and the Ohio River, under the "grandfather" clause of part III of the Interstate Commerce Act. On November 23, 1948, the petition was filed; on April 11, 1949, the Commission's order was sustained (83 Fed. Supp. 588), and on July 11, 1949, the case was discontinued because not appealed within the time prescribed by law.

*Interstate Common Carrier Council of Maryland v. United States*, district of Maryland.

For case history see 1948 Annual Report, page 149. On April 13, 1949, the Commission's order was set aside and the case remanded to the Commission for further action in accordance with instructions of the court (84 Fed. Supp. 414). On August 15, 1949, the case was docketed on appeal to the Supreme Court, where, on October 17, 1949, the decision of the lower court was affirmed.

*Consolidated Freightways, Inc. v. United States*, eastern district of Washington.

For case history see 1948 Annual Report, page 147. On April 12, 1949, the Commission's order was sustained, (83 Fed. Supp. 811) and on July 1, 1949, the case was discontinued because not appealed within the time prescribed by law.

*Acme Fast Freight, Inc. v. United States*, northern district of Illinois.

Suit to set aside Commission's report and order of September 16, 1948, in Docket No. FF-95 (Sub-No. 2), *Lifschultz Fast Freight Extension—West and Midwest*, 265 I. C. C. 431, wherein the Commission found that Lifschultz Fast Freight, a partnership, and service by it as a freight forwarder of commodities generally, between points in midwest territory and points in Minnesota, Texas, and California, were consistent with the public interest and the national transportation policy, and granted the application. On March 8, 1949, the complaint was filed, and on April 27, 1949, the Commission's order was sustained. On September 16, 1949, the case was docketed on appeal to the Supreme Court, where, on October 24, 1949, the decision of the lower court was affirmed.

*Railway Labor Executives' Assn. v. United States*, District of Columbia.

Suit to set aside that portion of Commission's order of April 7, 1948 (petition for rehearing denied July 6, 1948), in F. D. 15920, *New Orleans Union Passenger Terminal Case*, insofar as said order restricts period of employees' protection to 4 years from the effective date of the order. On February 16, 1949, the complaint was filed, and on May 27, 1949, the Commission's order was sustained (84 Fed. Supp. 178). On September 15, 1949, the case was docketed on appeal to the Supreme Court.

*Lynchburg Traffic Bureau v. United States*, western district of Virginia, Lynchburg division.

Suit to set aside report of division 2 of November 10, 1948, in Docket No. 29677, *Minimum Rates on Rail Traffic between North and South* (and related dockets), an investigation concerning reasonableness and lawfulness of tariff minimum rates on interterritorial class-rate traffic between North and South, both carload and less than carload, applicable to transportation by railroad, or partly by railroad and partly by water, including minimum rates on gateway or border points. On January 21, 1949, the petition was filed. On June 30, 1949, the Commission's order was sustained (84 Fed. Supp. 1012), and on October 4, 1949, the case was docketed on appeal to the Supreme Court.

*Hudson River Day Line v. United States*, southern district of New York.

Suit to set aside Commission's orders of March 26, 1949 and June 7, 1949, in Docket No. W-992, *S. S. Sandy Hook, Inc., Temporary Authority Application*, 265 I. C. C. 553, permitting the S. S. Sandy Hook, Inc., to conduct temporary operations in the transportation of certain charter groups between New York City and Bear Mountain and West Point, N. Y., in the summer months of 1949. On June 7, 1949, the complaint was filed, and on July 1, 1949, the Commission's order was sustained (85 Fed. Supp. 225). On October 4, 1949, the case was discontinued, no appeal having been taken within the time prescribed by law.

*J. M. Stearn and Dan Hartman v. United States*, western district of Virginia.

For case history see 1948 Annual Report, page 146. On July 12, 1949, the Commission's order was set aside with directions to the Commission to approve the transfer. On September 12, 1949, no appeal having been taken, the case was discontinued.

*Western Express Co., Inc., v. United States*, northern district of New York.

Suit to set aside order of division 5 of the Commission, dated March 8, 1949, in Docket No. MC-FC-31662, authorizing Inland Express, Inc., to lease the operating rights of Boston & Buffalo Transportation Co., which were granted in Docket No. MC-48022. On March 31, 1949, the complaint was filed, and on



July 21, 1949, the injunction was denied and the complaint dismissed. On October 3, 1949, the case was discontinued, no appeal having been taken within the time prescribed by law.

*Consolidated Freightways, Inc., v. United States*, district of Idaho, southern division.

Suit to set aside report of division 5 of the Commission, dated March 29, 1948, in Docket No. MC-107044, *Compton Common Carrier Application*, finding that public convenience and necessity required operation by applicant as a common carrier by motor vehicle of general commodities over specified routes between rail stations on the line of the Union Pacific R. Co., in Idaho and Oregon. On November 29, 1948, the bill of complaint was filed, and on August 26, 1949, the Commission's order was sustained and the complaint dismissed.

*O. C. Wiley & Sons, Inc., v. United States*, western district of Virginia, Lynchburg division.

Suit to set aside Commission's report of June 18, 1948, in Docket No. MC-3774, *John C. Fleming, Jr.—Purchase—Stuart Lumber Corp.*, approving purchase by Fleming of operating rights of Stuart Lumber Corp., subject to condition. On November 4, 1948, petition was filed, and on September 3, 1949, the Commission's order was sustained and the complaint dismissed (85 Fed. Supp. 542).

*Aubrey B. Burton v. United States*, western district of Virginia.

Suit to set aside Commission's orders of September 28, 1944, December 5, 1945, and April 5, 1948, in Docket No. 29072, *Burton v. Pennsylvania R. Co.*, wherein the Commission found not unreasonable freight charges based on carload minima for cars furnished in lieu of carload minima for cars of size ordered on shipments of tractor-drawn road scrapers from Highland Park, Ia., to Keller, Pa. (259 I. C. C. 64). On December 18, 1948, the complaint was filed, and on September 17, 1949, the Commission's order was sustained and the complaint dismissed.

*United States Smelting, Refining & Mining Co. v. United States*, district of Utah, central division.

For case history see 1947 Annual Report, page 161, and 1948 Annual Report, page 142. On January 10, 1949, findings of fact, conclusions of law, and final decree were entered by the court granting a permanent injunction. On July 6, 1949, the case was docketed on appeal in the Supreme Court.

*Denver & Rio Grande Western R. Co. v. United States*, district of Utah, central division.

For case history see 1948 Annual Report, page 149. On January 10, 1949, findings of fact, conclusions of law, and final decree were entered by court granting a permanent injunction. On July 6, 1949, the case was docketed on appeal in the Supreme Court.

*Bell Lines, Inc., v. United States*, southern district of West Virginia.

For case history see page 145, this volume. On September 17, 1949, the Commission's order was sustained.

#### CASES DISCONTINUED

##### DISTRICT COURTS OF THE UNITED STATES

*Jesse O. Willett, dba J. O. Willett, v. United States*, western district of Louisiana, Monroe division.

For case history see 1948 Annual Report, page 143. On December 1, 1948, the case was discontinued because not appealed within the time prescribed by law.

*Texas Citrus & Vegetable Growers & Shippers et al. v. United States*, southern district of Texas, Brownsville division.

For case history see page 140, this volume.

*Waterways Transportation Co., Inc., v. United States*, eastern district of Missouri.

For case history see page 140, this volume.

*Consolidated Freightways, Inc., v. United States*, eastern district of Washington.

For case history see page 141, this volume.

*J. M. Stearn and Dan Hartman v. United States*, western district of Virginia.

For case history see page 141, this volume.

*Western Express Co., Inc., v. United States*, western district of New York.

For case history see page 141, this volume.

*Hudson River Day Line v. United States*, southern district of New York.

For case history see page 141, this volume.



*Freight Forwarders Institute, Acme Fast Freight, Inc., v. United States*, district of Delaware.

Suit to set aside certain portions of the Commission's report and order of September 24, 1948, in Docket No. 29493, *Freight Forwarders, Motor Common Carriers, Agreements* (272 I. C. C. 413), insofar as operations are conducted by freight forwarders under agreements with motor carriers. On July 6, 1949, the complaint was filed, and on September 27, 1949, after argument, the complaint was dismissed on plaintiffs' motion over objection by defendants.

*Bingham & Garfield Ry. Co. v. United States*, district of Utah, central division.

For case history see 1948 Annual Report, page 142.

On July 6, 1949, case discontinued due to action taken in *United States and Interstate Commerce Comm. v. United States Smelting, Refining & Mining Co.*, now pending in Supreme Court.

## CASES PENDING

### SUPREME COURT OF THE UNITED STATES

*United States v. Capital Transit Co., a Corporation.*

*United States v. Capital Transit Co., a Corporation.*

For history of these cases see page 140, this volume.

*United States v. United States Smelting, Refining & Mining Co.*

*United States v. Denver & Rio Grande Western R. Co.*

For history of these cases see 1948 Annual Report, pages 142 and 149. On July 6, 1949, appeal was docketed in the Supreme Court.

*Elmer W. Henderson v. United States.*

For case history see 1948 Annual Report, page 143. On February 17, 1949, appeal was docketed in the Supreme Court, and on October 11, 1949, the Commission's brief was filed.

*United States v. Pacific Coast Wholesalers' Assn., a Corporation.*

For case history see 1948 Annual Report, page 148, and page 140, this volume.

*Railway Labor Executives' Assn. v. United States.*

For case history see page 141, this volume.

*Lynchburg Traffic Bureau v. United States.*

For case history see page 141, this volume.

### UNITED STATES COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA

*Riss & Co., Inc., v. Interstate Commerce Commission.*

For case history see page 140, this volume.

### SUPREME COURT, STATE OF NEW YORK, COUNTY OF NEW YORK

*Fashion Fit Knitwear Co., Inc., v. Bleich.*

For case history see 1948 Annual Report, page 146.

### DISTRICT COURTS OF THE UNITED STATES

*Shawmut Transportation Co., Inc., v. United States*, district of Massachusetts

For case history see 1945 Annual Report, page 129.

*International Ry. Co. v. United States*, western district of New York.

For case history see 1946 Annual Report, page 135.

*Middle Atlantic States Motor Carrier Conference, Inc., v. United States*, district of Delaware.

For case history see 1946 Annual Report, page 136.

*Great Lakes Steel Corp. v. United States*, eastern district of Michigan.

For case history see page 139, this volume.

*Riss & Co. v. United States*, western district of Missouri, western division.

For case history see 1947 Annual Report, page 162.

*United States v. Interstate Commerce Commission*, District of Columbia.

For case history see 1948 Annual Report, page 143, and page 139, this volume.

*St. Johnsbury Trucking Co. v. United States*, district of Vermont.

For case history see 1948 Annual Report, page 147.

*Riss & Co. v. United States*, western district of Missouri, western division.

For case history see 1948 Annual Report, page 147.

*Baltimore & Ohio R. Co. v. Chicago River & Indiana R. Co.*, northern district of Illinois, eastern division.

For case history see 1948 Annual Report, page 146, and page 140, this volume.  
*South Brooklyn Ry. Co. v. Keogh, U. S. Attorney, etc.*, eastern district of New York.

For case history see 1948 Annual Report, page 147.

*The Hudson Bus Transportation Co., Inc., v. United States*, district of New Jersey.

For case history see 1948 Annual Report, page 147. On December 17, 1948, the case was argued and submitted for decision.

*Asbury Park-New York Transit Corp. v. United States*, district of New Jersey.

For case history see 1948 Annual Report, page 148. On December 17, 1948, the case was argued and submitted for decision.

*Werner Transportation Co. v. United States*, district of Minnesota, fourth division.

For case history see 1948 Annual Report, page 148.

*Capital Transit Co. v. United States*, District of Columbia.

Suit brought under title 28, U. S. Code, and Administrative Procedure Act, to set aside Commission's order of September 17, 1948, in *Revocation Notice of Capital Transit Company—Cancellation Supplements of Alexandria, Barcroft & Washington Transit Co., and Washington Transit Co., and Washington, Virginia & Maryland Coach Co.*, rejecting revocation notice on the ground that, if permitted to become effective, it would result in violation of the Commission's order entered on July 7, 1948, in Docket No. 28991, *Passenger Fares between District of Columbia and Nearby Virginia* (270 I. C. C. 651). On October 28, 1948, the petition was filed, and on December 15, 1948, the Commission's answer was filed.

*Aubrey B. Burton v. United States*, western district of Virginia.

For case history see page 142, this volume.

*O. C. Wiley & Sons, Inc., v. United States*, western district of Virginia, Lynchburg division.

For case history see page 142, this volume.

*Consolidated Freightways, Inc., v. United States*, district of Idaho, southern division.

For case history see page 142, this volume.

*Maurice Kressin v. United States*, District of Columbia.

Suit to set aside Commission's report and order of February 26, 1948, in Docket MC-12335, *Maurice Kressin Broker Application*, wherein the Commission found that operation by applicant at Washington, D. C., as a broker of transportation by motor vehicle of household goods from Washington, D. C., to points in the United States, was not consistent with the public interest and the national transportation policy. On March 2, 1949, the complaint was filed, and on March 22, 1949, the Commission's answer was filed.

*Jacob F. Holmes, v. United States*, southern district of New York.

Suit to set aside report of division 4, dated December 9, 1948, in F. D. No. 16147, *Macon, Dublin & Savannah R. Co., Bond Modification*, (271 I. C. C. 376), finding that, upon application for approval and authorization of alteration or modification of \$1,733,000 of first-mortgage forty-year 5 percent bonds, due January 1, 1947, of the Macon, Dublin & Savannah R. Co., and of the mortgage pursuant to which they were issued and are secured (a) the statutory findings requisite for approval and authorization made, and (b) the carrier required to submit in specified manner, the proposed alterations or modifications with terms, conditions, and amendments determined to be just and reasonable, to the holders of said bonds other than the Seaboard Air Line R. Co., for acceptance or rejection. The complaint alleges that section 20b of the Interstate Commerce Act is unconstitutional as taking of private property without due process of law in violation of the fifth amendment; an unconstitutional delegation of legislative powers to the Commission; an exercise of judicial power in contravention of article III, sec. 1 of the Constitution, and (c) an exercise of power not delegated to the United States in contravention of the tenth amendment of the Constitution. On May 24, 1949, the complaint was filed, and on October 10, 1949, the case was argued and submitted for decision.

*Johnston Seed Co. v. United States*, western district of Oklahoma.

Suit to set aside report of division 2, dated December 9, 1947, in Docket No. 29506, *Johnston Seed Co. v. Atchison, T. & S. F. Ry. Co.*, (269 I. C. C. 515), holding that rates charged on mung beans, in carloads, from origins in Oklahoma, Missouri, and Kansas to various destinations throughout the United States (except in southern classification territory), were inapplicable, and prescribing reasonable rates for the future, but denying reparation. On May 27, 1949, complaint was received, and on June 16, 1949, the intervention and answer of the Commission were filed.



*J. V. Braswell and Braswell Motor Freight Lines v. United States*, western district of Texas, El Paso division.

Suit for mandatory injunction to prohibit operations by Merchants Fast Motor Lines, Inc., in interstate or foreign commerce, by motor vehicle, over U. S. Highway 80, to, from, and between Odessa, Tex., and El Paso, Tex., and intermediate points, whether as originating or destination carrier (except as to such traffic as originates east of Odessa destined to Odessa), on the ground that such operations are being carried on in violation of law. On May 13, 1949, the bill of complaint was filed, and on October 27, 1949, the case was argued and submitted for decision.

*Rock Island Motor Transportation Co. v. United States*, eastern district of Illinois, eastern division.

Suit to set aside the Commission's report and order of April 11, 1949, in Docket No. MC-F-445, *The Rock Island Motor Transit Co.—Purchase—White Line Motor Freight Co., Inc.*, affirming prior findings in 40 M. C. C. 457, and modifying a certificate previously issued in Docket No. MC-29130, insofar as it embraced motor common carrier operating rights acquired in MC-F-445; the new certificate to be framed in such manner as to subject motor common carrier operations thereunder to stated restrictions calculated to insure that the motor service in future shall be limited to that which is auxiliary to or supplemental of, train service. On June 20, 1949, the bill of complaint was filed, and on September 28, 1949, the case was argued and submitted for decision.

*Hall & Sons, Inc., v. United States*, district of Massachusetts.

Suit to set aside Commission's report and order of October 7, 1948, in Docket No. MC-59557 (Sub-No. 4), *Aucclair Transportation Co., Inc., Extension—New Hampshire*, granting applicant authority, under sec. 207 (a), to transport commodities which, because of their size or weight, require use of special equipment or specialized handling, between Manchester, N. H., on the one hand, and, on the other, Elizabeth, N. J., and points in Maine, Massachusetts, Vermont, Rhode Island, Connecticut, and New York, over irregular routes. On July 8, 1949, the complaint was filed, and on September 1, 1949, the Commission's answer was filed.

*Southern Pacific Co., a Corporation, v. United States*, northern district of California.

Suit to set aside Commission's order of April 11, 1949, in Docket No. 29488, *California Milling Corp. et al. v. Atchison, T. & S. F. Ry. Co. et al.*, and *California Milling Corp. et al. v. Abilene & Southern Ry. Co. et al.*, requiring joint rates on grain and grain products from western points via Union Pacific, and Los Angeles, Calif., to certain destinations in California, with transit at Los Angeles, Docket No. 29498. On July 14, 1949, the complaint was filed. (Date for filing answer postponed by court, pending further consideration of the proceeding by the Commission.)

*The Texas & Pacific Motor Transport Co. v. United States*, northern district of Texas, Dallas division.

Suit to set aside Commission's orders of January 22, 1948, and May 9, 1949, in Docket No. MC-50544, subnumbers 1 to 12, 14, 19, and 22, insofar as they preclude Transport from filing, publishing, and maintaining its own lawful rates, from interchanging traffic with other common carriers, from issuing its own bills of lading, and tendering its service to the public generally on its own contracts of shipment, and restrict plaintiff to rail rates, and from transporting traffic to, from, or between key points to which no key point restrictions originally attached. On July 14, 1949, the complaint was filed, and on September 13, 1949, the Commission's answer and brief were filed.

*Bell Lines, Inc., v. United States*, southern district of West Virginia.

Suit to set aside Commission's report and order of December 20, 1948, in Docket No. MC-106465 (Sub-No. 3), *R. R. Smith Extension: Charleston*, wherein the Commission found that public convenience and necessity required operation by applicant (under stated conditions), over a regular route, of general commodities, with certain exceptions, between Covington, Va., and Charleston, W. Va., with service at all intermediate and off-route points within 15 miles of Charleston. On July 20, 1949, the complaint was filed, on August 19, 1949, the case was argued and submitted for decision, and on September 17, 1949, the Commission's order was sustained.

*John J. Casale, Inc., v. United States*, district of Delaware.

Suit to set aside Commission's report and order of December 3, 1948, in Docket No. MC-20314, *John J. Casale, Inc., Contract Carrier Application*, insofar as it found applicant's operations to be those of a contract carrier (31 M. C. C. 835;



44 M. C. C. 45; 46 M. C. C. 225, and 49 M. C. C. 15). On August 30, 1949, the complaint was filed, and on October 2, 1949, the Commission's answer was filed.

*Emery Transportation Co. v. United States*, southern district of Ohio, western division.

Suit to set aside report of division 2, dated March 14, 1949, in I. and S. Docket No. M-2854, *Soap and Toilet Articles—The Emery Transportation Company*, wherein the Commission found unlawful proposed reduced motor contract carrier truckload minimum rates on soap, soap powder, and toilet articles, from Jeffersonville, Ind., to Chicago, Ill., and from Chicago to certain Wisconsin points. On September 6, 1949, the complaint was filed.

*Champlin Refining Co. v. United States*, western district of Oklahoma.

Suit to set aside and annul Commission's orders of June 13, 1949, in Dockets No. 29912 and 29912 (Sub-No. 1), which direct the Refining Company to comply with the Commission's requirement for the making of annual reports, to keep the uniform system of accounts required of common carriers under section 20 of the Interstate Commerce Act, and for the filing of tariffs with respect to its pipe-line operations, respectively. On September 7, 1949, the complaint was filed, and on October 28, 1949, the Commission's answer was filed.

*Alabama Great Southern R. Co. v. United States*, northern district of Illinois, eastern division.

Suit to set aside Commission's report and order of July 7, 1948 (270 I. C. C. 591), as modified by its supplemental report of June 13, 1949, prescribing through routes and joint rates for barge and rail transportation of property on the Mississippi and Warrior Rivers and their tributaries, finding such through routes and joint rates to be necessary in the public interest, and prescribing reasonable differentials between all-rail rates and joint barge-and-rail rates. On September 20, 1949, the complaint was filed.

*Gulf Southwestern Transportation Co. v. Childs, Interstate Commerce Commission, et al.* northern district of Texas, Fort Worth division.

Suit of a civil nature under the Declaratory Judgment Act, and other acts, to determine whether plaintiff, under its authority in MC-106379 may transport for hire, by motor vehicle, machinery, equipment materials, et cetera, used in or in connection with production, refining and manufacturing of natural gas and petroleum and its products, regardless of the use to which the shipper or consignee puts such commodities, and requesting an injunction to restrain threatened prosecution of plaintiff and its drivers for allegedly exceeding its authority. October 14, 1949, petition filed.

*Engstrom v. United States*, district of New Jersey.

Suit to set aside Commission's report and order of February 7, 1949, and June 23, 1949, in F. D. No. 16184, *Lehigh Valley R. Co., Securities Modification*, asking that the Mahaffie Act, sec. 20b, be declared unconstitutional and the plan of readjustment approved for the Lehigh Valley Railroad Co., be declared null and void. October 10, 1949, complaint filed.

*United States v. Interstate Commerce Commission, et al.* District of Columbia.

Suit to set aside Commission's report and order of July 1, 1946 (petition for reconsideration denied October 29, 1947), in Docket No. 29185, *Robert P. Patterson, Secretary of War, v. Aberdeen & Rockfish R. R. Co., et al.* (266 I. C. C. 45), wherein it was found that the railroad defendants' failure and refusal to make complainants an allowance for wharfage expense incident to shipside delivery and receipt of export, import, coastwise and intercoastal freight at Army-operated wharves at New Orleans, La., did not result in the collection of inapplicable charges and is not shown to have been an unjust or unreasonable practice, or to result in rates that were unreasonable or unjustly discriminatory, and directing dismissal of the complaint. October 28, 1949, complaint filed.

## APPENDIX C

### STATISTICAL SUMMARIES

- A. Statistics of railway development since 1938.  
 B. Statistics from monthly and other periodical reports of carriers.

#### A. Statistics of Railway Development

Data for years preceding 1938 for most of the tables appear in prior reports.

TABLE I.—*Mileage operated and mileage owned by steam railways in the United States, 1938-48*

Year ended Dec. 31—	Road owned in the United States <sup>1</sup> (first main track)	Total miles of all tracks operated, excluding trackage rights <sup>2</sup>	Mileage operated by classes I, II, and III line haul railways (including trackage rights)			
			First main track	Second or additional main tracks	Yard track and sidings	All tracks
1938.....	236,842	389,704	248,474	41,589	121,261	411,324
1939.....	235,064	386,819	246,922	41,445	119,983	408,350
1940.....	233,670	385,178	245,740	41,373	118,862	405,975
1941.....	231,971	382,439	244,263	41,166	118,196	403,625
1942.....	229,174	378,570	241,737	41,137	116,753	399,627
1943.....	227,999	377,631	240,745	41,093	116,892	398,730
1944.....	227,335	377,210	240,215	41,178	117,044	398,437
1945.....	226,696	376,772	239,438	41,106	117,510	398,054
1946.....	226,438	376,516	239,069	41,015	117,953	398,037
1947.....	225,806	376,034	238,209	40,954	118,192	397,555
1948.....	225,149	376,173	237,756	40,845	118,602	397,203

<sup>1</sup> Includes mileage of some small companies that do not make annual reports to the Commission.

<sup>2</sup> Includes mileage of classes I, II, and III line-haul railways and switching and terminal companies.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1938-48* <sup>1</sup>

Year ended Dec. 31—	Locomotives							
	Steam		Electric		Diesel-electric		Other	
	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>
		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>
1938.....	45,210	49,803	882	55,402	403	( <sup>3</sup> )	49	( <sup>3</sup> )
1939.....	43,604	50,395	879	55,661	639	( <sup>3</sup> )	50	( <sup>3</sup> )
1940.....	42,410	50,905	900	56,238	967	55,130	56	22,610
1941.....	41,911	51,217	895	56,301	1,517	54,733	52	22,628
1942.....	41,755	51,811	892	56,591	1,978	54,942	46	22,740
1943.....	41,983	52,451	907	56,896	2,476	55,200	40	19,923
1944.....	41,921	52,822	902	56,878	3,432	56,398	50	21,684
1945.....	41,018	53,217	885	57,295	4,301	55,868	49	21,474
1946.....	39,592	53,735	867	58,565	5,008	55,872	44	20,529
1947.....	36,942	54,506	864	58,816	6,495	56,524	43	23,778
1948.....	34,581	55,170	867	59,250	8,981	56,285	45	32,053

See footnotes at end of table.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1938-48*<sup>1</sup>—Continued

Year ended Dec. 31—	Cars					
	Freight cars (excluding cabooses)		Passenger train	Coaches		
	Number	Average capacity <sup>2</sup>	Number	Number	Average seating capacity <sup>2</sup>	Number air-conditioned <sup>2</sup>
		<i>Tons</i>				
1938.....	1,731,096	49.4	39,931	18,124	73	3,732
1939.....	1,680,519	49.7	38,977	17,827	78	4,106
1940.....	1,684,171	50.0	38,308	17,470	77	4,374
1941.....	1,732,673	50.3	38,334	17,490	77	4,784
1942.....	1,773,735	50.5	38,446	17,807	77	5,166
1943.....	1,784,472	50.7	38,331	17,929	77	5,291
1944.....	1,797,012	50.8	38,217	17,842	77	5,316
1945.....	1,787,073	51.1	38,633	17,668	77	5,326
1946.....	1,768,400	51.3	38,697	17,654	77	5,677
1947.....	1,759,758	51.5	39,057	17,542	76	6,180
1948.....	1,785,067	51.9	39,406	17,150	75	6,512

<sup>1</sup> Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1948 privately owned freight-carrying cars numbered 266,731 and cars owned or leased by the Pullman Co., 5,305.

<sup>2</sup> Class I steam railways.

<sup>3</sup> Not available in these years.

TABLE III.—*Railway capital actually outstanding and net income, 1938-48: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Total railway capital	Funded debt unmatured <sup>1</sup>	Preferred stock	Common stock	Ratio of debt to capital	Net income <sup>2</sup>	Ratio of net income to stock
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>
1938.....	\$21,428,320	\$11,639,907	\$2,022,436	\$7,765,977	54.3	\$87,468	-----
1939.....	21,193,501	11,419,945	2,022,266	7,751,290	53.9	141,134	1.44
1940.....	21,047,280	11,277,306	2,036,121	7,733,853	53.6	243,148	2.49
1941.....	20,707,778	11,208,816	1,952,593	7,546,369	54.1	557,672	5.87
1942.....	20,471,191	10,970,648	1,935,222	7,565,321	53.6	992,843	10.45
1943.....	19,913,582	10,484,259	1,912,119	7,517,204	52.6	946,150	10.03
1944.....	19,402,593	9,954,215	1,984,173	7,464,206	51.3	733,461	7.76
1945.....	18,681,292	9,257,950	1,980,750	7,442,592	49.6	502,250	5.33
1946.....	18,449,437	9,040,901	1,960,995	7,447,541	49.0	334,966	3.56
1947.....	18,050,122	8,824,903	1,975,188	7,250,031	48.9	537,405	5.83
1948.....	18,249,091	9,007,491	1,991,825	7,249,775	49.4	767,949	8.31

<sup>1</sup> Does not include long-term debt in default. For class I railways and their nonoperating subsidiaries such debt amounted to \$142,846 (thousands) at the close of 1948.

<sup>2</sup> Intercorporate duplications not eliminated, but amounts shown correspond with the stock in the second and third preceding columns. Deficits shown in italics.



TABLE IV.—*Dividends, 1938-48: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Proportion of stock paying dividends <sup>1</sup>	Amount of dividends <sup>1</sup>	Average rate on—		Dividends declared <sup>2</sup>	
			Dividend-paying stock <sup>1</sup>	All stock	On preferred stock	On common stock
	Percent	Thousands	Percent	Percent		
1938.....	32.07	\$136,270	4.34	1.39	\$13,643,634	\$69,088,932
1939.....	32.64	179,412	5.62	1.84	19,154,336	106,799,624
1940.....	38.29	216,522	5.79	2.22	23,540,218	135,774,682
1941.....	40.65	239,438	6.20	2.52	27,445,002	158,400,721
1942.....	56.37	254,088	4.74	2.67	34,422,097	167,848,035
1943.....	57.97	263,919	4.83	2.83	37,046,973	179,496,716
1944.....	58.46	292,248	5.29	3.09	54,577,117	191,401,095
1945.....	57.13	295,294	5.49	3.13	48,448,791	197,543,159
1946.....	55.50	283,171	5.42	3.01	58,649,278	175,932,458
1947.....	56.20	280,397	5.41	3.04	54,759,213	181,706,349
1948.....	69.75	335,313	5.20	3.63	69,244,802	220,001,710

<sup>1</sup> Includes figures for lessors and operating railways without excluding duplications on account of intercorporate payments. Stock dividends for the last 11 years have been as follows: \$705,000 in 1943 and \$15,800 in 1948.

<sup>2</sup> By class I line-haul railways.

TABLE V.—*Reported property investment and selected income items, 1938-48: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Investment <sup>1</sup>	Investment per mile of road	Depreciation reserve	Net railway operating income <sup>2</sup>	Other income <sup>3</sup>	Fixed charges and other deductions <sup>4</sup>	Net income
	Thousands		Thousands	Thousands	Thousands	Thousands	Thousands
1938.....	\$25,595,739	\$108,871	\$3,044,972	\$376,865	\$150,566	\$654,023	\$87,468
1939.....	\$25,538,157	109,331	3,102,779	595,961	156,050	658,505	141,134
1940.....	\$25,646,014	110,449	3,095,237	690,554	163,385	662,848	243,148
1941.....	\$25,668,984	111,352	\$3,240,145	1,009,592	169,519	674,455	557,672
1942.....	\$25,838,351	113,364	\$3,561,570	1,499,364	175,296	764,055	992,843
1943.....	\$26,145,458	115,288	\$3,939,562	1,370,569	194,440	686,576	946,150
1944.....	\$26,631,654	117,771	\$4,382,604	1,113,153	202,827	647,064	733,461
1945.....	\$26,967,756	119,664	\$5,549,720	858,864	196,081	602,691	502,250
1946.....	\$27,277,974	121,074	\$5,800,975	624,868	197,105	533,941	334,966
1947.....	\$27,686,103	123,215	\$6,037,033	790,534	211,868	517,330	537,405
1948.....	\$28,664,759	127,625	\$6,279,892	1,014,815	216,775	524,149	767,949

<sup>1</sup> Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

<sup>2</sup> This term, as defined in the Interstate Commerce Act, means "railway operating income, including in the computation thereof debits and credits arising from equipment rents and joint facility rents."

<sup>3</sup> Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Statistics of Railways, table 109. Figures represent classes I, II, and III line-haul railways.

<sup>4</sup> The interest included represents accruals, not payments. In 1948, the interest accrued on unmatured funded debt and long-term debt in default in excess of payments was \$15,342,580 for class I steam railways. Figures represent classes I, II, and III line-haul railways.

<sup>5</sup> Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment, and other items on a net system basis:

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	Thousands	Thousands		Thousands	Thousands
1938.....	\$4,105,320	\$840,033	1944.....	\$3,865,708	\$811,979
1939.....	4,104,416	853,848	1945.....	3,632,499	806,153
1940.....	4,093,043	809,391	1946.....	3,545,819	758,181
1941.....	4,000,275	818,060	1947.....	3,507,365	761,297
1942.....	3,933,048	803,280	1948.....	3,405,052	740,229
1943.....	3,855,103	858,312			

<sup>6</sup> Includes amortization of defense projects.

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TABLE VI.—Operating revenues, operating expenses, and taxes: Class I line-haul railways, 1938-48

Year ended Dec. 31—	Operating revenues	Freight revenues	Passenger revenues	Operating expenses	Railway tax accruals <sup>1</sup>			Ratio of total operating expenses to total operating revenues
					U. S. Gov- ernment taxes	Other than U. S. Gov- ernment taxes	Total	
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1938.....	\$3,565,491	\$2,852,112	\$405,598	\$2,722,199	\$77,423	\$265,771	\$343,194	76.35
1939.....	3,995,004	3,244,445	416,531	2,918,210	121,082	237,363	358,445	73.05
1940.....	4,296,601	3,528,782	416,897	3,089,417	183,546	215,179	398,725	71.90
1941.....	5,346,700	4,443,405	514,633	3,664,232	331,047	224,282	555,329	68.53
1942.....	7,465,823	5,944,344	1,028,186	4,601,083	955,352	248,404	1,203,756	61.63
1943.....	9,054,724	6,782,470	1,652,868	5,657,461	1,583,256	270,880	1,854,136	62.48
1944.....	9,436,790	6,998,606	1,790,305	6,282,063	1,564,118	285,791	1,849,909	66.57
1945.....	8,902,248	6,533,767	1,716,379	7,051,627	551,004	275,571	826,575	79.21
1946.....	7,627,651	5,786,556	1,259,169	6,357,415	243,831	256,159	499,990	83.35
1947.....	8,684,918	7,041,185	963,322	6,797,265	655,849	282,528	938,377	78.27
1948.....	9,671,722	7,979,931	964,089	7,472,035	723,325	307,466	1,030,791	77.26

<sup>1</sup> Includes lessor companies.

TABLE VII.—Number and compensation of employees: Class I line-haul railways, 1938-48

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Total hours paid for	Compensation of railway employees <sup>2</sup>			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		<i>Thousands</i>	<i>Thousands</i>		<i>Percent</i>	<i>Percent</i>
1938.....	939,171	2,329,606	\$1,746,141	\$0.750	48.97	64.14
1939.....	987,675	2,488,635	1,863,334	.749	46.64	63.85
1940.....	1,026,848	2,615,905	1,964,125	.751	45.71	63.58
1941.....	1,139,925	2,989,788	2,331,650	.780	43.61	63.63
1942.....	1,270,687	3,440,957	2,932,070	.852	39.27	63.73
1943.....	1,355,114	3,816,420	3,520,926	.923	38.88	62.24
1944.....	1,414,776	3,996,873	3,857,957	.965	40.88	61.41
1945.....	1,419,505	3,979,637	3,862,001	.970	43.38	54.77
1946.....	1,359,263	3,632,338	4,170,767	1.148	54.68	65.60
1947.....	1,351,863	3,613,296	4,352,047	1.204	50.11	64.03
1948.....	1,326,597	3,545,081	4,722,516	1.332	48.83	63.20

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month of year regardless of whether for a long or short period.<sup>2</sup> In 1948, \$4,494,087 (thousands) or 95.16 percent of the reported compensation, was chargeable to operating expenses. Retroactive compensation payable under agreement of March 19, 1949, with nonoperating employees not included.

TABLE VIII.—*Freight transportation service performed by line-haul railways, 1938-48*

Year ended Dec. 31—	Revenue tons origi- nated	Revenue tons carried 1 mile	Loaded- car miles	Average haul		Average amount received for each ton origi- nated	Revenue per ton- mile
				United States as a system	For the in- dividual road		
	<i>Thousands</i>	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>	<i>Miles</i>		<i>Cents</i>
1938.....	819, 733	291, 866	12, 266	356. 05	196. 87	\$3. 539	0. 994
1939.....	954, 924	335, 375	13, 639	351. 21	193. 91	3. 453	. 983
1940.....	1, 069, 045	375, 369	14, 777	351. 13	192. 75	3. 353	. 955
1941.....	1, 295, 860	477, 576	18, 172	368. 54	198. 59	3. 480	. 944
1942.....	1, 498, 477	640, 992	21, 536	427. 76	217. 55	4. 022	. 940
1943.....	1, 556, 558	730, 132	23, 284	469. 07	231. 23	4. 411	. 940
1944.....	1, 564, 780	740, 586	24, 186	473. 28	234. 62	4. 529	. 957
1945.....	1, 493, 314	684, 148	22, 669	458. 14	230. 21	4. 431	. 967
1946.....	1, 431, 936	594, 943	20, 340	415. 48	217. 54	4. 097	. 986
1947.....	1, 613, 148	657, 878	21, 490	407. 82	216. 45	4. 427	1. 085
1948.....	1, 580, 480	641, 104	20, 746	405. 64	213. 85	5. 121	1. 262

TABLE IX.—*Carload, trainload, and density of traffic: Class I line-haul railways, 1938-48*

Year ended Dec. 31—	Ton-mile revenue and nonrevenue freight per loaded freight-car mile	Revenue ton-miles per train- mile	Passenger- miles per car-mile	Passenger- miles per train-mile	Revenue ton-miles per mile of road	Passenger- miles per mile of road
1938.....	26. 04	691	12	55	1, 235, 843	93, 544
1939.....	26. 86	743	13	58	1, 427, 115	98, 559
1940.....	27. 59	781	13	61	1, 602, 009	103, 621
1941.....	28. 41	845	15	73	2, 044, 237	128, 413
1942.....	31. 78	968	22	125	2, 760, 479	236, 400
1943.....	33. 29	1, 050	31	190	3, 168, 749	389, 839
1944.....	32. 60	1, 068	32	201	3, 222, 168	425, 012
1945.....	32. 18	1, 058	30	191	2, 979, 597	408, 333
1946.....	31. 24	1, 016	25	144	2, 596, 647	288, 945
1947.....	32. 56	1, 076	21	111	2, 869, 909	204, 854
1948.....	32. 88	1, 104	19	101	2, 808, 728	184, 701



TABLE X.—*Passenger transportation service performed by line-haul railways, 1938-48*

Year ended Dec. 31—	Passen- gers carried	Passen- ger-miles	Average journey per pas- senger <sup>1</sup>	Average receipts per pas- senger	Revenue per passen- ger-mile
	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>		<i>Cents</i>
1938.....	455	21,657	47.65	\$0.894	1.877
1939.....	454	22,713	50.02	.920	1.839
1940.....	456	23,816	52.22	.916	1.755
1941.....	489	29,406	60.18	1.056	1.754
1942.....	672	53,747	79.93	1.533	1.917
1943.....	888	87,925	99.05	1.865	1.883
1944.....	916	95,663	104.46	1.958	1.875
1945.....	897	91,826	102.33	1.916	1.872
1946.....	795	64,754	81.47	1.587	1.948
1947.....	707	45,972	65.07	1.366	2.099
1948.....	646½	41,224	63.86	1.496	2.342

<sup>1</sup> This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XI.—*Fuel consumed by steam locomotives, and rails and ties laid: Class I line-haul railways, 1938-48*

Year ended Dec. 31—	Bitumi- nous coal	Anthra- cite coal	Fuel oil		Total fuel <sup>1</sup>	Rails ap- plied in replac- ement and better- ment (all tracks)	Ties laid in previously constructed tracks	
							Cross ties	Switch and bridge ties
	<i>Net tons</i>	<i>Net tons</i>	<i>Thousands of gallons</i>	<i>Equivalent tons</i>	<i>Net tons</i>	<i>Long tons</i>	<i>Lumber</i>	<i>Feet (b. m.)</i>
1938.....	68,793,756	432,683	2,240,299	14,402,304	83,664,267	1,202,943	41,363,224	141,887,780
1939.....	73,935,025	719,200	2,334,571	15,020,974	89,718,757	1,719,366	45,088,278	147,044,571
1940.....	79,628,318	285,653	2,502,868	16,118,796	96,066,679	1,911,513	43,620,653	145,553,116
1941.....	91,655,061	432,080	3,025,461	19,497,035	111,616,334	2,228,822	47,224,593	144,599,723
1942.....	109,618,324	263,371	3,905,096	25,128,332	135,037,207	2,250,280	48,616,228	136,944,189
1943.....	122,593,389	280,958	4,433,419	28,511,597	151,411,739	2,409,989	45,439,512	124,097,473
1944.....	122,653,989	197,232	4,511,002	29,048,228	151,928,340	2,878,068	48,032,634	137,780,487
1945.....	115,153,596	138,920	4,413,072	28,482,014	143,806,437	2,955,736	43,912,213	130,520,278
1946.....	100,485,542	145,352	3,869,371	24,904,520	125,567,755	2,302,099	37,562,383	106,204,525
1947.....	100,437,382	41,937	3,788,666	24,428,489	124,941,886	2,531,858	37,289,473	108,159,083
1948.....	88,001,197	99,477	3,358,831	(2)	(2)	2,454,355	36,842,371	119,932,243

<sup>1</sup> In the statement of consumption of fuel by locomotives, 1 cord of hardwood is considered as equivalent to ¾ of a ton of fuel and 1 cord of softwood as equivalent to ½ of a ton of fuel. The ratio used in reducing fuel oil to equivalent tons of fuel is left to the experience of each road. Figures include data for cordwood, also a small amount of miscellaneous fuel. Does not include equivalent tons for fuel consumed by motive power units, other than steam locomotives.

<sup>2</sup> Not available.

TABLE XII.—Selected data from annual reports of class I line-haul railways, 1948 and 1947, by districts

Item	All districts		Eastern district	
	Year ended Dec. 31			
	1948	1947	1948	1947
Railway operating revenues (thousands).....	\$9, 671, 722	\$8, 684, 918	\$3, 823, 663	\$3, 442, 436
Railway operating expenses:				
Total (thousands).....	\$7, 472, 035	\$6, 797, 265	\$3, 063, 408	\$2, 839, 429
Maintenance of way and structures (thousands).....	\$1, 348, 000	\$1, 212, 096	\$500, 246	\$447, 361
Maintenance of equipment (thousands).....	\$1, 702, 944	\$1, 558, 010	\$722, 624	\$671, 231
Transportation—rail line (thousands).....	\$3, 821, 198	\$3, 476, 433	\$1, 617, 977	\$1, 515, 211
Net railway operating income (thousands).....	\$1, 002, 011	\$780, 694	\$334, 480	\$217, 543
Freight-service statistics:				
Freight revenue (thousands).....	\$7, 979, 931	\$7, 041, 185	\$3, 039, 351	\$2, 684, 992
Revenue tons originated (thousands).....	1, 506, 878	1, 537, 546	584, 289	606, 026
Total revenue tons carried (thousands).....	2, 847, 897	2, 888, 589	1, 329, 872	1, 359, 533
Revenue tons carried 1 mile (thousands).....	637, 916, 742	654, 728, 304	221, 163, 528	231, 361, 216
Revenue per ton-mile (cents).....	1. 251	1. 076	1. 374	1. 162
Revenue ton-miles per mile of road.....	2, 808, 728	2, 869, 909	4, 121, 253	4, 232, 039
Freight train-miles (thousands).....	577, 145	616, 071	180, 305	197, 261
Revenue ton-miles per train-mile.....	1, 104	1, 076	1, 225	1, 194
Loaded car-miles (thousands).....	20, 632, 057	21, 395, 870	6, 801, 670	7, 256, 897
Empty car-miles (thousands).....	10, 800, 055	10, 805, 463	3, 519, 594	3, 622, 211
Ton-miles revenue and nonrevenue freight per loaded car-mile.....	32. 88	32. 56	34. 13	33. 53
Average haul per road (miles).....	224. 0	226. 66	166. 30	170. 18
Passenger-service statistics:				
Passenger revenue (thousands).....	\$964, 089	\$963, 322	\$494, 669	\$487, 814
Passengers carried (thousands).....	642, 781	703, 280	469, 078	513, 292
Passenger-miles (thousands).....	41, 179, 040	45, 920, 576	20, 536, 999	22, 887, 276
Revenue per passenger-mile (cents).....	2. 34	2. 10	2. 41	2. 13
Passenger-miles per mile of road.....	184, 701	204, 854	399, 125	437, 114
Average journey per passenger (miles).....	64. 06	65. 29	43. 78	44. 59
Passenger-miles per train-mile.....	101	111	124	134

Item	Southern district		Western district	
	Year ended Dec. 31			
	1948	1947	1948	1947
Railway operating revenues (thousands).....	\$1, 902, 011	\$1, 695, 494	\$3, 946, 048	\$3, 546, 988
Railway operating expenses:				
Total (thousands).....	\$1, 447, 817	\$1, 300, 484	\$2, 960, 810	\$2, 657, 352
Maintenance of way and structures (thousands).....	\$278, 749	\$257, 586	\$569, 005	\$507, 149
Maintenance of equipment (thousands).....	\$342, 834	\$306, 965	\$637, 486	\$579, 814
Transportation—rail line (thousands).....	\$704, 941	\$628, 439	\$1, 498, 280	\$1, 332, 783
Net railway operating income (thousands).....	\$234, 052	\$189, 581	\$433, 479	\$373, 570
Freight-service statistics:				
Freight revenue (thousands).....	\$1, 627, 800	\$1, 429, 810	\$3, 312, 780	\$2, 926, 383
Revenue tons originated (thousands).....	398, 548	399, 472	524, 041	532, 048
Total revenue tons carried (thousands).....	647, 828	653, 868	870, 197	875, 188
Revenue tons carried 1 mile (thousands).....	149, 527, 103	151, 849, 152	267, 226, 111	271, 517, 936
Revenue per ton-mile (cents).....	1. 089	0. 942	1. 240	1. 078
Revenue ton-miles per mile of road.....	3, 236, 401	3, 315, 735	2, 100, 640	2, 127, 520
Freight train-miles (thousands).....	131, 231	136, 002	265, 609	282, 808
Revenue ton-miles per train-mile.....	1, 137	1, 128	1, 006	970
Loaded car-miles (thousands).....	4, 308, 550	4, 392, 181	9, 521, 537	9, 746, 792
Empty car-miles (thousands).....	2, 409, 004	2, 390, 267	4, 871, 457	4, 792, 985
Ton-miles revenue and nonrevenue freight per loaded car-mile.....	37. 01	36. 64	30. 13	30. 00
Average haul per road (miles).....	230. 81	232. 23	307. 09	310. 24
Passenger-service statistics:				
Passenger revenue (thousands).....	\$150, 107	\$150, 314	\$319, 313	\$325, 194
Passengers carried (thousands).....	77, 115	86, 326	96, 588	103, 662
Passenger-miles (thousands).....	6, 432, 550	7, 086, 056	14, 209, 491	15, 947, 244
Revenue per passenger-mile (cents).....	2. 33	2. 12	2. 25	2. 04
Passenger-miles per mile of road.....	139, 914	155, 372	113, 205	126, 370
Average journey per passenger (miles).....	83. 41	82. 09	147. 12	153. 84
Passenger-miles per train-mile.....	89	97	84	93

## B. Statistics From Monthly and Other Periodical Reports of Carriers

TABLE A.—*Analysis of operating revenues, expenses, and income, class I steam railways, excluding switching and terminal companies, 1949-48*

Item	8 months, January to August, inclusive		Calendar year
	1949	1948	1948
Operating revenues:			
Freight.....	\$4, 774, 740, 914	\$5, 201, 584, 549	\$7, 976, 172, 815
Passenger.....	591, 269, 088	640, 492, 982	964, 303, 426
Mail.....	143, 086, 426	123, 053, 805	199, 939, 409
Express.....	49, 335, 670	78, 435, 988	117, 631, 163
All other.....	254, 353, 746	273, 234, 917	413, 529, 448
Total.....	5, 812, 785, 844	6, 316, 802, 041	9, 671, 576, 261
Percent of total:			
Freight.....	82. 14	82. 34	82. 47
Passenger.....	10. 17	10. 14	9. 97
Mail.....	2. 46	1. 95	2. 07
Express.....	. 85	1. 24	1. 22
All other.....	4. 38	4. 33	4. 27
Operating expenses:			
Maintenance of way and structures.....	\$897, 752, 358	\$886, 242, 507	\$1, 347, 720, 967
Maintenance of equipment.....	1, 101, 893, 914	1, 113, 837, 074	1, 702, 897, 265
Traffic.....	130, 977, 670	127, 029, 984	193, 817, 196
Transportation.....	2, 316, 933, 342	2, 518, 319, 334	3, 821, 140, 552
General.....	184, 414, 436	179, 169, 163	274, 233, 866
All other.....	80, 242, 149	87, 839, 930	131, 744, 240
Total.....	4, 712, 213, 869	4, 912, 437, 992	7, 471, 554, 086
Percent of total:			
Maintenance of way and structures.....	19. 05	18. 04	18. 04
Maintenance of equipment.....	23. 39	22. 67	22. 79
Traffic.....	2. 78	2. 59	2. 60
Transportation.....	49. 17	51. 26	51. 14
General.....	3. 91	3. 65	3. 67
All other.....	1. 70	1. 79	1. 76
Railway tax accruals.....	\$562, 191, 773	\$657, 428, 685	\$1, 028, 530, 532
Equipment rents—debit.....	83, 499, 452	89, 238, 530	131, 254, 229
Joint facility rents—debit.....	25, 375, 701	25, 797, 589	37, 885, 097
Net railway operating income.....	429, 505, 049	631, 899, 245	1, 002, 352, 317
Other income.....	138, 290, 692	144, 497, 776	235, 090, 113
Interest, rents, and other deductions.....	327, 733, 740	351, 700, 677	537, 429, 921
Net income.....	240, 062, 001	424, 696, 344	700, 012, 509



TABLE B.—Selected operating averages in freight and passenger service of class I steam railways in the United States, 1949-48

Item	8 months, January to August, inclusive		Calendar year
	1949	1948	1948
Average miles of road operated, freight service.....	218,335	218,679	225,761
Average miles of road operated, passenger service.....	152,666	154,293	159,732
Net ton-miles per mile of road per day.....	7,050	8,179	8,221
Percent of freight locomotives unserviceable.....	16.7	16.1	15.7
Percent of freight cars unserviceable.....	5.6	4.4	4.3
Percent of loaded of total car-miles.....	63.3	65.6	65.6
Percent east-bound or north-bound of loaded car-miles.....	55.9	56.6	56.3
Car-miles per car-day.....	39.7	43.4	44.1
Net ton-miles per car-day.....	805	940	953
Net ton-miles per loaded car-mile.....	32.1	33.0	32.9
Car-miles per train-mile.....	56.9	54.1	54.5
Gross ton-miles per train-mile (excluding locomotives and tenders).....	2,549	2,488	2,500
Net ton-miles per train-mile (including nonrevenue tons).....	1,154	1,173	1,176
Average miles per hour, trains in freight service.....	16.8	16.0	16.2
Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders).....	120	125	124
Average cost of coal per ton (including freight charges).....	\$5.25	\$5.11	\$5.14
Revenue per ton-mile.....	\$0.01330	\$0.01239	\$0.01250
Average haul per revenue ton per railroad.....	223.0	222.6	223.4
Number of freight-train miles.....	328,176,897	377,105,408	584,940,792
Number of passenger-train miles.....	252,942,478	265,736,307	407,208,899
Number of passenger-train car-miles.....	2,314,235,999	2,430,850,271	3,735,634,206
Passenger-train cars per train.....	9.15	9.15	9.17
Revenue per passenger per mile:			
Including commutation passengers.....	\$0.0245	\$0.0229	\$0.0234
Excluding commutation passengers.....	\$0.0264	\$0.0245	\$0.0251

TABLE C.—Average number of employees and total compensation, by groups of employees, class I steam railways, excluding switching and terminal companies, 1949-48

Groups of employees	Calendar year 1948		8 months, January to August, inclusive	
	Average number of employees middle of month	Total compensation <sup>1</sup>	Average number of employees middle of month	
			1949	1948
I. Executives, officials, and staff assistants.....	15,499	\$119,245,792	15,481	15,466
II. Professional, clerical, and general.....	219,647	744,699,082	209,815	219,803
III. Maintenance of way and structures.....	266,959	726,991,365	247,982	265,309
IV. Maintenance of equipment and stores.....	365,142	1,246,783,419	329,598	363,108
V. Transportation (other than train, engine, and yard).....	160,625	513,534,792	146,151	161,108
VI. (a) Transportation (yardmaster, switch tenders, and hostlers).....	16,855	74,214,864	16,279	16,886
VI. (b) Transportation (train and engine service).....	282,179	1,255,138,627	256,816	282,403
All employees.....	1,326,906	4,680,607,941	1,222,122	1,324,083

<sup>1</sup> Retroactive payments to engineers, firemen, and switchmen payable under the agreement dated July 8, 1948, and to nonoperating employees under the agreement dated March 19, 1949, not included.

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities, calendar year 1948, class I steam railways*

Commodity groups	Number of carloads	Number of tons (2,000 pounds)	Freight revenue
<b>Products of agriculture:</b>			
Wheat.....	794, 113	42, 074, 047	\$227, 344, 277
Corn.....	292, 337	14, 944, 563	74, 634, 056
Other grains.....	302, 190	13, 610, 984	81, 592, 000
Flour, wheat.....	316, 526	11, 734, 530	67, 745, 032
Other mill products.....	364, 898	11, 238, 151	57, 736, 407
Cotton in bales.....	214, 727	3, 726, 449	41, 144, 199
Citrus fruits.....	128, 308	2, 881, 958	81, 602, 018
Other fresh fruits.....	253, 828	3, 675, 914	105, 536, 384
Potatoes, other than sweet.....	307, 844	6, 879, 363	98, 238, 714
Other fresh vegetables.....	270, 145	3, 476, 357	111, 424, 286
Sugar beets.....	154, 335	6, 512, 951	6, 593, 352
All other.....	807, 214	24, 420, 418	173, 111, 785
<b>Total.....</b>	<b>4, 206, 465</b>	<b>145, 175, 685</b>	<b>1, 126, 702, 510</b>
<b>Animals and products:</b>			
Live animals.....	612, 566	6, 739, 019	85, 268, 573
Meats and other edible packing-house products.....	345, 159	5, 357, 274	123, 616, 677
Poultry, live and dressed.....	14, 427	235, 977	7, 905, 123
Dairy products.....	57, 795	1, 023, 847	26, 416, 803
Wool and mohair.....	33, 302	519, 804	10, 281, 795
Hides and leather.....	35, 550	976, 114	15, 802, 040
All other.....	66, 397	2, 013, 362	20, 390, 564
<b>Total.....</b>	<b>1, 165, 196</b>	<b>16, 865, 397</b>	<b>289, 681, 575</b>
<b>Products of mines:</b>			
Anthracite coal <sup>1</sup> .....	854, 685	48, 409, 826	136, 397, 459
Bituminous coal.....	7, 433, 828	430, 225, 501	1, 179, 833, 757
Coke.....	632, 858	22, 726, 788	60, 383, 350
Iron ore.....	1, 735, 031	106, 134, 757	167, 765, 125
Other ores and concentrates.....	207, 471	11, 738, 720	49, 712, 002
Gravel and sand.....	1, 155, 908	67, 425, 141	88, 858, 770
Stone and rock: Broken, ground, and crushed.....	744, 812	42, 165, 091	57, 066, 463
Fluxing stone and raw dolomite.....	284, 291	18, 455, 124	25, 999, 570
Crude petroleum.....	395, 489	14, 216, 922	64, 328, 877
Phosphate rock.....	352, 892	19, 534, 137	54, 175, 225
All other.....	1, 211, 520	64, 607, 741	200, 441, 233
<b>Total.....</b>	<b>15, 008, 785</b>	<b>845, 639, 748</b>	<b>2, 084, 961, 831</b>
<b>Products of forests:</b>			
Logs, butts, and bolts.....	459, 846	16, 632, 705	17, 728, 721
Posts, poles, and piling, wooden.....	126, 790	3, 705, 552	26, 129, 429
Pulpwood.....	636, 734	24, 961, 438	47, 389, 707
Lumber, shingles, and lath.....	922, 177	30, 311, 564	365, 379, 923
All other.....	366, 748	10, 492, 969	76, 012, 085
<b>Total.....</b>	<b>2, 512, 295</b>	<b>86, 104, 228</b>	<b>532, 639, 865</b>
<b>Manufactures and miscellaneous:</b>			
Refined petroleum products.....	1, 541, 396	44, 588, 231	310, 820, 860
Vegetable oils.....	93, 263	2, 809, 077	34, 141, 381
Chemicals.....	529, 434	21, 008, 425	193, 572, 556
Fertilizers, n. o. s.....	399, 073	16, 938, 684	91, 781, 827
Metals and alloys, other than iron and steel.....	144, 840	6, 025, 964	80, 625, 962
Pig iron.....	134, 371	7, 302, 594	31, 217, 875
Semi-finished iron and steel.....	324, 561	17, 940, 179	62, 092, 581
Manufactured iron and steel.....	1, 492, 265	53, 908, 579	546, 584, 695
Vehicles and parts, motor and other.....	837, 616	11, 057, 524	289, 321, 356
Cement, natural and portland.....	603, 799	29, 182, 795	120, 950, 074
Paper and paper products.....	998, 188	25, 152, 831	305, 052, 279
Alcoholic beverages.....	198, 148	5, 660, 159	89, 129, 763
Sugar.....	126, 636	5, 603, 296	49, 585, 044
Food products, n. o. s., in cans and packages, not frozen.....	386, 832	11, 300, 467	176, 634, 867
Feed, animal and poultry, n. o. s.....	403, 192	12, 279, 914	59, 896, 300
Containers, metal, wooden, and paper.....	600, 146	7, 713, 246	91, 687, 758
Scrap iron and steel.....	591, 190	23, 865, 422	102, 021, 995
All other.....	3, 255, 882	88, 182, 080	1, 015, 315, 611
<b>Total.....</b>	<b>12, 660, 832</b>	<b>390, 519, 467</b>	<b>3, 650, 432, 784</b>
<b>Forwarder traffic.....</b>	<b>250, 095</b>	<b>4, 307, 902</b>	<b>143, 376, 991</b>
<b>Grand total carload traffic.....</b>	<b>35, 803, 668</b>	<b>1, 488, 612, 427</b>	<b>7, 827, 795, 556</b>
<b>All l. e. l. freight.....</b>		<b>18, 265, 570</b>	<b>523, 676, 788</b>
<b>Grand total, earload and l. e. l. ....</b>		<b>1, 506, 877, 997</b>	<b>8, 351, 472, 344</b>

<sup>1</sup> Excludes coal to breakers and washeries.

TABLE E.—*Summary of casualties to persons on steam railways in the United States for the years ended Dec. 31, 1948, 1947, 1946, 1945, and 1944*

Class of persons	Number of persons									
	Killed					Injured				
	1948	1947	1946	1945	1944	1948	1947	1946	1945	1944
1. Trespassers.....	1,339	1,368	1,506	1,497	1,445	955	1,006	978	1,003	959
2. Employees:										
Trainmen on duty.....	299	357	359	474	545	14,559	16,744	17,052	21,392	20,951
Other employees.....	178	255	235	326	353	1,697	2,171	2,426	3,323	3,255
Total employees.....	477	612	594	800	898	16,256	18,915	19,478	24,715	24,206
3. Passengers on trains.....	43	65	103	132	239	3,518	4,156	4,618	4,722	4,698
4. Travelers not on trains.....	9	9	13	10	10	82	81	86	95	138
5. Persons carried under contract.....	7	14	9	12	8	307	339	276	378	395
6. Other nontrespassers.....	1,697	1,876	1,942	2,014	1,928	4,580	4,648	4,850	4,856	4,703
Total, train and train-service accidents (1 to 6).....	3,572	3,944	4,167	4,465	4,528	25,698	29,145	30,286	35,769	35,099
7. Casualties in nontrain accidents.....	196	221	195	226	253	17,393	19,652	21,721	25,712	26,128
Total, 1 to 7.....	3,768	4,165	4,362	4,691	4,781	43,091	48,797	52,007	61,481	61,227
8. Casualties at grade crossings <sup>1</sup> .....	1,612	1,790	1,851	1,903	1,840	4,255	4,251	4,397	4,446	4,216
9. Casualties excluded from all totals <sup>2</sup> ..	115	120	146	121	127	16	22	19	34	24

<sup>1</sup> Included in total for items 1 to 6, and distributed under various heads, chiefly item 6.<sup>2</sup> Figures relate to suicides, persons mentally deranged, and persons attempting to escape custody.



TABLE F.—Revenues, expenses, and income of class I motor carriers <sup>1</sup> of property for the calendar year 1948 compared with those of the same carriers for 1947 <sup>2</sup>

Item	Total carriers reported	
	1948	1947
<i>Intercity carriers</i>		
Number of carriers represented .....	1,605	1,605
Revenues:		
Freight revenue—Intercity—Common carrier .....	\$1,476,543,563	\$1,137,560,324
Freight revenue—Intercity—Contract carrier .....	96,516,232	77,875,082
Freight revenue—Local service .....	16,479,455	15,309,295
Revenue—Transportation for other class I motor carriers .....	9,261,178	6,325,145
Other operating revenue .....	7,808,367	7,796,752
Total operating revenues .....	1,606,608,795	1,244,866,598
Expenses:		
Equipment maintenance and garage expense .....	188,237,794	162,133,437
Transportation expense .....	728,974,954	554,269,199
Terminal expense .....	172,634,794	134,397,797
Traffic expense .....	35,974,182	28,000,739
Insurance and safety expense .....	94,745,981	70,996,443
Administrative and general expense .....	108,258,307	91,966,915
Total operation and maintenance expenses .....	1,328,826,012	1,041,764,530
Depreciation expense .....	59,296,128	46,138,654
Depreciation adjustment .....	2,014,985	960,987
Amortization chargeable to operations .....	141,852	140,091
Operating taxes and licenses .....	72,577,474	65,503,730
Operating rents—net .....	39,321,270	31,487,377
Total expenses .....	1,498,147,751	1,184,073,395
Operating ratio (percent) .....	93.2	95.1
Net operating revenue .....	\$108,461,044	\$60,793,203
Other income .....	8,034,491	4,555,851
Other deductions .....	10,806,666	7,925,832
Net income before income taxes .....	105,688,869	57,423,222
Net income after income taxes <sup>3</sup> .....	73,489,637	40,585,235
<i>Local carriers</i>		
Number of carriers represented .....	562	562
Total operating revenues .....	\$265,546,150	\$253,073,061
Total expenses .....	254,984,801	240,058,030
Operating ratio (percent) .....	96.0	95.2
Net operating revenues .....	\$10,561,349	\$12,015,031
Other income .....	9,456,591	8,461,154
Other deductions .....	1,730,820	1,638,116
Net income before income taxes .....	18,287,120	18,838,069
Net income after income taxes <sup>3</sup> .....	13,044,784	13,684,347

<sup>1</sup> Class I motor carriers are those having average gross operating revenues of \$100,000 or over annually. Smaller carriers are not required to file reports of their revenues and expenses.

<sup>2</sup> This table does not include the reports of 295 carriers that failed to furnish comparable figures for 1947. The total figures for these 295 carriers amounted to the following for the 12 months' period: Operating revenues, \$92,662,555; operation and maintenance expenses, \$76,052,429; other expenses, \$11,001,868; total expenses, \$87,054,297; net operating revenue, \$5,608,258; net income before income taxes, \$5,833,541; net income after income taxes, \$4,394,910.

<sup>3</sup> Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations, and therefore are not reported to the Commission.

TABLE G.—*Revenues, expenses, and income of class I motor carriers <sup>1</sup> of passengers for the calendar year 1948 compared with those of the same carriers for 1947*

Item	Total carriers reported	
	1948	1947
<i>Intercity carriers</i>		
Number of carriers represented.....	256	256
Operating revenues:		
Passenger revenue—Intercity schedules.....	\$371, 619, 063	\$352, 291, 210
Passenger revenue—Local and suburban schedules.....	19, 440, 633	18, 164, 620
Passenger revenue—Charter or special service.....	10, 412, 581	8, 592, 768
Other operating revenue.....	14, 070, 513	11, 756, 844
Total operating revenues.....	415, 542, 790	390, 805, 442
Operating expenses:		
Equipment maintenance and garage expense.....	79, 514, 165	76, 755, 729
Transportation expense.....	121, 688, 587	109, 232, 028
Station expense.....	39, 652, 554	37, 202, 876
Traffic, solicitation, and advertising expense.....	11, 557, 996	10, 941, 815
Insurance and safety expense.....	17, 803, 455	15, 238, 142
Administrative and general expense.....	27, 481, 591	27, 358, 483
Total operation and maintenance expenses.....	297, 698, 348	276, 729, 073
Depreciation expense.....	27, 462, 262	21, 550, 935
Amortization chargeable to operations.....	169, 194	117, 324
Operating taxes and licenses.....	32, 945, 351	31, 509, 231
Operating rents—net.....	5, 374, 745	5, 513, 819
Total expenses.....	363, 649, 900	335, 420, 382
Operating ratio (percent).....	87. 5	85. 8
Net operating revenue.....	\$51, 892, 890	\$55, 385, 060
Other income.....	3, 196, 350	3, 063, 170
Other deductions.....	3, 843, 381	2, 855, 435
Net income before income taxes.....	51, 245, 859	55, 592, 795
Net income after income taxes <sup>2</sup> .....	31, 761, 290	33, 999, 301
<i>Local carriers</i>		
Number of carriers represented.....	95	95
Total operating revenues.....	\$97, 128, 627	\$92, 306, 748
Total expenses.....	90, 100, 527	85, 003, 155
Operating ratio (percent).....	92. 8	92. 1
Net operating revenue.....	\$7, 028, 100	\$7, 303, 593
Other income.....	1, 504, 863	1, 270, 516
Other deductions.....	1, 604, 875	1, 495, 322
Net income before income taxes.....	6, 928, 088	7, 078, 787
Net income after income taxes <sup>2</sup> .....	4, 058, 576	4, 290, 348

<sup>1</sup> Class I motor carriers are those having annual gross operating revenues of \$100,000 or over.

<sup>2</sup> Net income is overstated to the extent that income taxes are reported by corporations only. Income taxes of sole proprietorships and partnerships involve factors that do not arise from motor-carrier operations, and therefore, are not reported to the Commission.

TABLE H.—*Revenues, expenses, and statistics of freight forwarders for the years 1948 and 1947*<sup>1</sup>

Item	Total carriers reported	
	1948	1947
Number of forwarders represented.....	56	56
Operating revenues:		
Transportation revenues.....	\$264, 080, 896	\$238, 904, 335
Transportation purchased—Dr.:		
Railroad transportation.....	145, 973, 868	132, 437, 971
Motor transportation.....	29, 192, 946	24, 911, 074
Water transportation.....	1, 172, 490	818, 452
Pick-up, delivery, and transfer service.....	24, 786, 959	24, 796, 204
Other transportation purchased.....	1, 030, 716	498, 759
Total transportation purchased.....	202, 156, 979	183, 462, 460
Forwarder revenue from transportation.....	61, 923, 917	55, 441, 875
Incidental revenues.....	1, 926, 556	935, 346
Total operating revenues.....	63, 850, 473	56, 377, 221
Operating expenses:		
Salaries, wages, and expenses of employees.....	34, 333, 931	30, 097, 458
Paid to others for services rendered.....	11, 561, 150	8, 801, 292
Operating rents.....	1, 863, 107	1, 653, 587
Communication and postage.....	2, 075, 391	1, 792, 434
Pay-roll taxes.....	1, 225, 463	1, 410, 581
All other operating expense.....	5, 735, 528	5, 226, 684
Total operating expenses.....	56, 794, 570	48, 982, 036
Income items:		
Revenue from forwarder operations.....	7, 055, 903	7, 395, 185
Transportation tax accruals.....	185, 095	146, 030
Revenues, less taxes, from forwarder operations.....	6, 870, 808	7, 249, 155
Other income.....	160, 237	936, 713
Total income.....	7, 031, 045	8, 185, 868
Miscellaneous deductions from income.....	264, 366	960, 845
Net income before fixed charges and income taxes.....	6, 766, 679	7, 225, 023
Fixed charges:		
Interest on long-term debt.....	12, 054	6, 258
Other fixed charges.....	28, 490	50, 720
Total fixed charges.....	40, 544	56, 978
Net income before provisions for income taxes.....	6, 726, 135	7, 168, 045
Provisions for income taxes.....	2, 463, 615	2, 449, 329
Net income.....	4, 262, 520	4, 718, 716
Statistics:		
Tons of freight received from shippers.....	4, 087, 328	4, 527, 159
Number of shipments received from shippers.....	17, 494, 326	18, 283, 395

<sup>1</sup> Confined to forwarders having gross revenues of \$100,000 or more per annum.



TABLE I.—*Selected statistics of private car owners,<sup>1</sup> year 1948*

Item	Refrigerator cars	Tank cars		Other cars <sup>2</sup>	Total
		Petroleum	Other		
Cars owned at close of year.....	111, 263	125, 669	11, 226	13, 406	261, 564
Serviceable cars.....	104, 914	122, 433	10, 679	12, 920	250, 946
Unserviceable cars.....	6, 349	3, 236	547	486	10, 618
Miles made by owned cars (thousands):					
Loaded.....	2, 153, 880, 799	1, 226, 821, 435	68, 841, 457	42, 889, 086	3, 492, 432, 777
Empty.....	1, 445, 643, 890	1, 223, 088, 512	70, 330, 343	43, 166, 612	2, 782, 229, 357
Not separable.....	167, 794, 164	79, 942, 086	13, 635, 370	61, 486, 662	322, 858, 282
Total.....	3, 767, 318, 853	2, 529, 852, 033	152, 807, 170	147, 542, 360	6, 597, 520, 416
Revenue receivable, on—(thousands):					
Car mileage basis.....	94, 142, 031	50, 345, 970	3, 167, 355	2, 108, 146	149, 763, 502
Car rental basis.....	592, 687	5, 175, 098	293, 904	2, 010, 439	8, 072, 128
Other car service basis.....	302, 054	12, 524	60, 081	270	374, 929
Total.....	95, 036, 772	55, 533, 592	3, 521, 340	4, 118, 855	158, 210, 559

<sup>1</sup> Confined to owners of 10 or more cars. Compiled from reports of 226 owners.<sup>2</sup> Includes such cars as stock, gondola, hopper, air dump, box, cradle, flat, vat, et cetera.TABLE J.—*Selected financial and operating data of oil pipe-line companies, 1948, 1947, and 1946*

Item	1948	1947	1946
Miles of line operated:			
Gathering lines.....	47, 036	45, 909	44, 862
Trunk lines.....	77, 056	73, 389	71, 682
Investment in carrier property.....	\$1, 381, 402, 464	\$1, 225, 168, 434	\$1, 106, 453, 978
Capital stock <sup>1</sup> .....	\$235, 376, 467	\$233, 815, 067	\$240, 148, 818
Funded debt unmaturred <sup>1</sup> .....	\$203, 806, 644	\$105, 543, 388	\$57, 659, 257
Accrued depreciation—carrier property.....	\$673, 647, 605	\$647, 123, 151	\$622, 276, 289
Operating revenues.....	\$377, 034, 023	\$325, 223, 884	\$293, 722, 598
Operating expenses.....	\$252, 970, 772	\$214, 681, 999	\$183, 869, 101
Pipe-line taxes:			
U. S. Government taxes.....	\$52, 453, 499	\$44, 369, 699	\$43, 292, 770
Other than U. S. Government taxes.....	\$12, 804, 107	\$11, 757, 038	\$10, 075, 527
Pipe-line operating income.....	\$58, 805, 645	\$54, 415, 148	\$56, 485, 200
Net income.....	\$56, 679, 058	\$53, 144, 549	\$56, 094, 398
Dividend appropriations <sup>1</sup> .....	\$21, 659, 932	\$23, 642, 591	\$35, 341, 092
Number of barrels of oil received into system.....	2, 719, 541, 992	2, 481, 860, 519	2, 272, 225, 935
Number of barrel-miles (trunk lines):			
Crude oil (thousands).....	513, 497, 782	465, 503, 961	428, 843, 173
Refined oils (thousands).....	85, 087, 129	71, 554, 783	58, 752, 072
Total employees:			
Average number.....	28, 563	27, 085	25, 807
Compensation.....	\$118, 080, 993	\$101, 128, 010	\$84, 446, 256

<sup>1</sup> Excludes data for 15 companies in 1948, 13 companies in 1947 and 12 companies in 1946, as the annual reports filed by these companies relate to pipe-line departments of large oil companies and these items are not segregated for the pipe-line departments.

TABLE K.—*Revenues and traffic of carriers by water, 1948 and 1947*<sup>1</sup>

Item	1948	1947
Freight revenues.....	\$167,672,022	\$146,940,505
Number of tons of revenue freight carried.....	71,248,398	67,956,894
Passenger revenue.....	15,621,737	15,634,503
Number of revenue passengers carried.....	8,454,592	10,382,371

<sup>1</sup> Compiled from quarterly reports of 129 carriers of classes A and B.TABLE L.—*Selected financial and operating data of electric railways, 1948, 1947, and 1946*

Item	1948	1947	1946
Miles of road operated.....	2,193	2,456	2,899
Investment in road and equipment.....	\$260,439,898	\$270,384,228	\$279,736,586
Capital stock.....	\$95,354,109	\$95,463,304	\$95,732,677
Unmatured funded debt.....	\$39,024,114	\$40,241,726	\$43,507,355
Accrued depreciation—road and equipment.....	\$51,701,600	\$51,224,959	\$47,135,717
Railway operating revenues:			
Freight revenue.....	\$35,231,749	\$35,304,874	\$29,782,475
Passenger revenue.....	\$33,027,522	\$35,160,753	\$41,554,189
All other revenues.....	\$8,844,573	\$9,057,181	\$7,571,638
Total railway operating revenues.....	\$77,103,844	\$79,522,808	\$78,908,302
Total railway operating expenses.....	\$67,551,173	\$71,452,104	\$72,859,369
Taxes assignable to railway operations:			
Other than U. S. Government taxes.....	\$2,324,646	\$2,245,114	\$2,262,529
U. S. Government taxes.....	\$4,280,668	\$5,172,091	\$1,136,262
Operating income.....	\$3,030,627	\$752,219	\$3,042,580
Net income.....	\$1,961,127	\$1,004,533	\$150,891
Dividends declared.....	\$2,526,000	\$1,867,820	\$2,625,252
Employees:			
Average number.....	13,110	14,804	16,250
Compensation.....	\$41,748,336	\$43,500,784	\$44,527,897

## APPENDIX D

### AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE AND TRANSPORTATION ACTS

*Certificates of convenience and necessity for construction of lines of railroad under  
section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Erie R. Co.....	Cuyahoga County, Ohio.....	0. 700
Gulf, M. & O. R. Co.....	Madison County, Ill.....	0. 500
Illinois Central R. Co.....	Jefferson and Perry Counties, Ill.....	9. 450
Kansas City & B. R. Co. and Chicago, B. & Q. R. Co.....	Clay, Ray, and Carroll Counties, Mo.....	42. 580
Missouri Pac. R. Co., trustee.....	Iron and Wayne Counties, Mo.....	7. 220
Monongahela Ry. Co.....	Marion County, W. Va.....	8. 320
Pacific Electric Ry. Co.....	Los Angeles County, Calif.....	0. 470
Wabash R. Co.....	Pike County, Ill.....	11. 200
Western Pac. R. Co.....	Yuba County, Calif.....	0. 510
Total number of miles.....		80. 950

	<i>Miles</i>
12 applications filed involving.....	104. 570
9 certificates issued authorizing construction of.....	80. 950
1 application denied involving.....	4. 000
2 applications dismissed involving.....	9. 800
Authorized since effective date of act.....	10, 790
Portion thereof actually constructed.....	7, 708
Portion thereof deferred or abandoned.....	2, 885
Portion in which time for construction has not expired.....	197

*Certificates of convenience and necessity for abandonment of lines of railroad or the  
operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as  
amended*

Name of applicant	Location of line	Miles
Baton Rouge Bus Co.....	Harrison County, Miss.....	2. 792
Central Pac. Ry. Co. and Southern Pac. Co.....	Shasta County, Calif.....	14. 070
Do.....	Mineral County, Nev.....	7. 972
Central R. Co. of New Jersey, trustee.....	Cumberland County, N. J.....	4. 330
Do.....	Monmouth County, N. J.....	1. 090
Chicago & N. W. Ry. Co. and Chicago, R. I. & Pac. R. Co.....	Poweshiek County, Iowa.....	0. 224
Chicago, B. & Q. R. Co.....	Page County, Iowa.....	10. 420
Do.....	Massac County, Ill. and McCracken County, Ky.....	( <sup>1</sup> )
Clarion R. Ry. Co.....	Elk County, Pa.....	11. 090
Colorado & S. Ry. Co.....	Denver and Adams Counties, Colo.....	1. 620
Cumberland & P. R. Co.....	Allegany County, Md.....	1. 500
DeKalb & W. R. Co.....	Kemper County, Miss.....	11. 743
Delaware, L. & W. R. Co.....	Northumberland County, Pa.....	0. 710
Denver & R. G. W. R. Co.....	Huerfano County, Colo.....	2. 530
Erie & M. Ry. & N. Co.....	Iosco County, Mich.....	8. 360
Erie R. Co.....	Cuyahoga County, Ohio.....	0. 775
Iberia, St. M. & E. R. Co., trustee and New Iberia & N. R. trustee.....	St. Mary Parish, La.....	5. 796
Illinois Central R. Co.....	Massac County, Ill.....	8. 060
Kansas City, K. V. R., Inc.....	Wyandotte, Leavenworth, and Douglas Coun- ties, Kans.....	21. 400



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*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended—Continued*

Name of applicant	Location of line	Miles
Kentucky & Tennessee Ry.....	McCreary County, Ky.....	8.320
Lehigh Valley R. Co.....	Lehigh County, Pa.....	0.165
Do.....	Luzerne County, Pa.....	1.000
Do.....	do.....	1.228
Los Angeles & S. L. R. Co. and Union Pac. R. Co.....	Riverside County, Calif.....	0.142
Louisiana & N. W. R. Co.....	Bienville and Natchitoches Parishes, La.....	36.897
Maine Central R. Co.....	Coos County, N. H. and Essex County, Vt.....	19.347
Mine Hill & S. H. R. Co., and Reading Co.....	Columbia County, Pa.....	0.240
Minneapolis & St. L. Ry. Co.....	Marion and Mahaska Counties, Iowa.....	5.250
Missouri & Arkansas Ry. Co.....	Jasper, Newton and Barry Counties, Mo., and Carroll, Boone, Searcy, Van Buren, Stone, Cleburne, White, Woodruff, Monroe, St. Francis, Lee, and Phillips Counties, Ark.....	364.470
Missouri Pac. R. Co. trustee.....	Iron and Wayne Counties, Mo.....	9.510
Do.....	Bates County, Mo. and Linn County, Kans.....	27.500
Do.....	St. Clair County, Ill. and St. Louis County, Mo.....	2 6.090
Do.....	Franklin County, Ill.....	5.000
Nacogdoches & S. E. R. Co.....	Nacogdoches and San Augustine Counties, Tex.....	28.300
Natchez, U. & R. Ry. Co.....	La Salle Parish, La.....	3.920
New Jersey & N. Y. R. Co. trustee.....	Rockland County, N. Y.....	1.220
New York Central R. Co.....	Jefferson County, N. Y.....	11.400
Norfolk S. Ry. Co.....	Princess Anne County, Va.....	16.270
Ontario, C. & S. Ry. Co. trustees and New York, O. & W. Ry. Co. trustees.....	Lackawanna County, Pa.....	2.010
Oregon S. L. R. Co. and Union Pac. R. Co.....	Cache County, Utah.....	1.470
Pacific Electric Ry. Co.....	Los Angeles County, Calif.....	0.310
Pennsylvania & A. R. Co.....	Ocean County, N. J.....	18.000
Pittsburgh, McK. & Y. R. Co. and Pittsburgh & L. E. R. Co.....	Fayette County, Pa.....	1.430
Reading Co.....	Schuylkill and Lebanon Counties, Pa.....	12.710
Do.....	Lehigh County, Pa.....	3.280
Southern Pac. R. Co. and Southern Pac. Co.....	San Francisco County, Calif.....	1.041
Do.....	Yuba County, Calif.....	1.171
Southern Ry. Co.....	Norfolk, Nansemond, Isle of Wight, Southampton, Brunswick, Mecklenberg, Halifax, and Pittsylvania Counties, Va., and Granville, Person, and Caswell Counties, N. C.....	3 203.230
Do.....	Sumter County, Ala.....	13.290
Tampa S. R. Co. and Atlantic C. L. R. Co.....	Sarasota, Manatee, and De Soto Counties, Fla.....	35.000
Texas Electric Ry. Co.....	Grayson, Collin, Dallas, Ellis, Hill, and McLennan Counties, Tex.....	173.700
Virginian Ry. Co.....	Fayette and Raleigh Counties, W. Va.....	18.220
Wabash R. Co.....	Pike County, Ill.....	11.300
Waco, B., T. & S. Ry. Co. receiver.....	Polk and Trinity Counties, Tex.....	23.832
Western Maryland Ry. Co.....	Allegany County, Md.....	0.627
Western Pac. R. Co.....	San Joaquin County, Calif.....	2.031
Yakima Valley T. Co.....	Yakima County, Wash.....	1.850
Total number of miles.....		1185.263

<sup>1</sup> Involved towage service on Ohio River between Paducah, Ky. and Metropolis, Ill., approximately 12 miles.

<sup>2</sup> Includes 0.36 mile of ferry operation.

<sup>3</sup> Operation resumed by owner, Atlantic & Danville Ry. Co.

	Miles
80 applications filed involving.....	1, 177.798
51 certificates issued permitting abandonment of.....	873.308
3 applications denied in whole or in part involving.....	28.715
3 applications dismissed involving.....	38.726
Abandonments permitted since effective date of act.....	34,825

*Certificates of convenience and necessity for acquisition and/or operation of lines of railroads issued under section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Helena & N. W. Ry.....	Phillips, Lee, St. Francis, Monroe and Woodruff Counties, Ark.	54.000
North Louisiana & G. R. Co.....	Bienville Parish, La.....	15.000
Pacific Electric Ry. Co.....	Los Angeles County, Calif.....	2.600
Texas & N. Ry. Co.....	Morris County, Tex.....	11.000
Total number of miles.....		82.600

*Miles*

7 applications filed involving.....	111.490
4 certificates issued involving.....	82.600
1 application dismissed involving.....	3.100

*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties*

Acquiring carrier	Owning carrier	Miles	How acquired
Alabama G. S. R. Co.....	Southern Ry. Co.....	7.100	Purchase.
Alabama, T. & N. R. Co.....	Department of State D. & T. of Alabama.	3.660	Trackage rights.
Atchison, T. & S. F. Ry. Co....	Colorado R. Inc., and Pueblo T. Ry. Co.	1.980	Purchase.
Atlantic & D. Ry. Co.....	Atlantic C. L. R. Co.....	7.800	Trackage rights.
Do.....	Richmond & M. R. Co.....	1.870	Do.
Baltimore & O. R. Co.....	Producers L. C. A.....	(2)	Lease.
Belt Ry. Co. of Chicago.....	Baltimore & O. C. T. R. Co. and Indiana H. B. R. Co.	10.000	Trackage rights.
Bessemer & L. E. R. Co. and U. S. Steel Corp. <sup>1</sup>	Pittsburg, B. & L. E. R. Co. and Meadville, C. L. & L. R. Co.	200.780	Merger.
Chicago, B. & Q. R. Co.....	Gulf, M. & O. R. Co.....	158.880	Trackage rights.
Do.....	Kansas City & B. R. Co.....	42.580	Ownership of stock and lease.
Do.....	Wabash R. Co.....	16.050	Trackage rights.
Chicago, M., St. P. & P. R. Co.	Chicago, T. H. & S. E. Ry. Co.	317.270	Purchase.
Colorado & S. Ry. Co.....	Denver & R. G. W. R. Co.....	3.360	Do.
Delaware, L. & W. R. Co.....	Pennsylvania R. Co.....	0.380	Trackage rights.
Des Moines & C. I. Ry. Co.....	Iowa T. Co.....	1.750	Purchase.
Erie R. Co.....	Cleveland U. T. Co.....	2.060	Joint use.
Fort Worth L. H. Co.....	United S. Corp.....	(1)	Lease.
Gulf, C. & S. F. Ry. Co.....	Cane B. R. Co., Concho, S. S. & L. V. R., Fort Worth & R. G. Ry. Co., Gulf, B. & G. N. Ry. Co., Gulf, B. & K. C. Ry. Co., Healdton & S. F. Ry. Co., Jasper & E. Ry. Co., and Texas & G. Ry. Co.	713.060	Merger.
Gulf, M. & O. R. Co.....	Kansas City, St. L. & C. R. Co.	156.830	Purchase.
Los Angeles & S. L. R. Co. and Union Pac. R. Co.	Southern Pac. R. Co., Southern Pac. Co., and Pacific Electric Ry. Co.	4.887	Trackage rights.
Los Angeles J. Ry. Co.....	Central M. D., Inc.....	8.430	New lease.
Maine Central R. Co.....	Atlantic & St. L. R. Co., Canadian N. Ry. Co., Lessee.	12.700	Trackage rights.
Manistee & N. E. Ry. Co.....	Leelanau T. Co.....	24.500	New lease.
Minneapolis & St. L. Ry. Co...	Wabash R. Co. and Chicago, B. & Q. R. Co.	20.098	Trackage rights.
New York, C. & St. L. R. Co...	Wheeling & L. E. R. Co., Lorain & W. Va. Ry. Co., and Toledo B. Ry. Co.	535.230	Lease.
Panhandle & S. F. Ry. Co.....	Clinton - Oklahoma - Western R. Co. of Texas, North Plains & S. F. Ry. Co., North Texas & S. F. Ry. Co., Pecos River R. Co., Pecos & N. T. Ry. Co., South Plains & S. F. Ry. Co.	1,059.210	Merger.

See footnotes at end of table.

*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties*

Acquiring carrier	Owning carrier	Miles	How acquired
Peoria T. Co.....	Peoria, H. C. & W. Ry. Co....	4,000	Modified lease.
Rahway Valley Co.....	Rahway Valley R. Co.....	8,750	New lease.
Reading Co.....	Chestnut Hill R. Co.....	3,990	Merger.
Do.....	Mt. Carbon & P. C. R. Co.....	2,510	Do.
Sacramento N. Ry.....	Western Pac. R. Co.....	0,510	Trackage rights.
St. Louis-S. F. Ry. Co.....	Alabama, T. & N. R. Co.....	211,140	Ownership of stock.
M. M. Salzberg et al.....	Des Moines & C. I. Ry. Co.....	35,000	Ownership of stock.
San Diego & A. E. Ry. Co.....	Atchison, T. & S. F. Ry. Co.....	(3)	Modified lease.
Sanford & E. R. Corp.....	Boston & M. R.....	44,900	Purchase.
Sanford T. R. Corp. and S. M. Pinsky. <sup>4</sup>	York U. Co.....	2,440	Purchase and ownership of stock.
Southern Pac. Co.....	Union B. Ry. of Oakland.....	0,700	Purchase.
Springfield T. Ry. Co.....	Springfield E. Ry. Co.....	1,500	Do.
Toledo & O. C. R. Co. and New York Central R. Co.	Mount Gilead S. L. Ry. Co.....	0,900	Lease.
Union Pac. R. Co. and Chicago G. W. Ry. Co.	Chicago G. W. Ry. Co. and Union Pac. R. Co.	0,259	Joint use.
Union Pac. R. Co., Oregon S. L. R. Co., Southern Pac. Co., and Central Pac. Ry. Co.	Ogden U. Ry. & D. Co.....	(3)	Amended operating agreement.

<sup>1</sup> Holding company.<sup>2</sup> Livestock loading and unloading facilities.<sup>3</sup> Passenger station and tracks at San Diego, Calif.<sup>4</sup> Individual controlling another carrier.<sup>5</sup> Terminal facilities at Ogden, Utah.

72 applications filed.

41 authorizations granted.

4 applications dismissed in whole or in part.

*Authorizations issued under section 5(2) of the Interstate Commerce Act, as amended, involving water carriers*

Acquiring carrier	Owning carrier	Service	How acquired
Cullen T. Co. A., Inc., and M. S. Bouchard <sup>1</sup> and John A. Mowbray. <sup>1</sup>	Federal M. C.....	Great Lakes and Atlantic ports.	Purchase.
John I. Hay Co.....	Lake Charles T. Co., Inc.	Gulf intracoastal waterways.	Do.
Lafferty T. Co.....	Red Collar L., Inc.....	Coeur D'Alene Lake and rivers in Idaho.	Renewed lease.
McAllister L. L., Inc., and W. H. and J. P. McAllister. <sup>1</sup>	Southern T. Co., and Card T. L., Inc.	Atlantic coast ports.....	Purchase and ownership of stock.
Nelseco N. Co., and Raymond H. Abell. <sup>1</sup>	Prudence I. L.....	Narragansett Bay.....	Do.
C. G. Willis.....	McLain Carolina L., Inc.	Atlantic intracoastal waterway.	Purchase.

<sup>1</sup> Individuals controlling another carrier.

3 applications filed.

6 authorizations granted.

1 application dismissed in part.

2 applications denied in whole or in part.



*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended*

Stock, common:

For acquisition of property including equipment.....	\$717, 000
For acquisition of property including equipment, and for general corporate purposes (not segregated).....	75, 000
For acquisition of property other than equipment.....	14, 000
For acquisition of securities of others and for capital expenditures not capitalized.....	<sup>1</sup> 10, 000
For construction of new lines and for general corporate purposes.....	<sup>1</sup> 75, 000
For exchange for common stock.....	50, 000
For financial adjustment.....	12, 539, 700
For general corporate purposes (not segregated).....	14, 350, 800
For reorganization.....	<sup>1</sup> 21, 800
	8, 000
	428, 550
Total.....	<sup>1</sup> 28, 183, 050
	<sup>1</sup> 106, 800

Stock, preferred:

For acquisition of property including equipment.....	100, 000
For acquisition of property other than equipment.....	12, 000, 000
For acquisition of securities of others, and in reimburse- ment of treasury for capital expenditures not capital- ized.....	3, 000, 000
Total.....	15, 100, 000
Total stock.....	<sup>1</sup> 43, 283, 050
	<sup>1</sup> 106, 800

Bonds, income-mortgage:

For reorganization.....	571, 400
Assumption of obligation and liability in respect of \$6,335,800.	

Bonds, mortgage:

For acquisition of securities of others, and, in reimburse- ment of treasury for capital expenditures not capital- ized.....	5, 500, 000
For additions and betterments and improvements to property.....	1, 600, 000
For construction of new facilities, etc.....	2, 000, 000
For exchange for unmatured funded debt.....	52, 201, 000
For extension of matured funded debt.....	1, 051, 000
For extension of matured funded debt in connection with financial adjustment.....	10, 001, 000
For financial adjustment.....	3, 498, 750
For general corporate purposes (not segregated).....	54, 518, 000
For pledge.....	234, 672, 000
For retention in treasury subject to further order.....	4, 000, 000
For sale to meet matured funded debt.....	6, 870, 000
Assumption of obligation and liability in respect of \$104,776,925.	

Total..... 375, 911, 750

Total bonds..... 376, 483, 150

<sup>1</sup> Shares of stock without par or nominal value.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended—Continued*

Notes, secured:

For acquisition of property including equipment.....	\$200, 000
For exchange for notes previously issued.....	9, 000, 000
For general corporate purposes (not segregated).....	1, 850, 000
For sale to meet unmatured funded debt.....	25, 760, 000
Total.....	36, 810, 000

Notes, unsecured:

For acquisition of equipment.....	1, 520, 600
For exchange for notes previously issued.....	15, 000
For exchange for matured funded debt.....	100, 000
For general corporate purposes (not segregated).....	2, 614, 400
Assumption of obligation and liability in respect of \$6,645,800.	
Total.....	4, 250, 000
Total notes.....	41, 060, 000

Equipment obligations:

Assumed by carriers.....	468, 489, 000
Assumption of obligation and liability in respect of \$18,930,000.	

Grand total securities.....	{ 929, 315, 200 1 106, 800
-----------------------------	-------------------------------

131 applications filed.

137 applications approved.

2 applications dismissed.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act, as amended*

Stock, common:

For acquisition of property including equipment.....	<sup>1</sup> \$374, 895
For additions and betterments and for acquisition of equipment.....	<sup>1</sup> 200, 000
For conversion of common stock.....	<sup>1</sup> 100
For conversion of funded debt.....	<sup>1</sup> 41, 655
For exchange for common stock.....	1, 085, 845
For general corporate purposes (not segregated).....	{ 465, 450
For refunding purposes.....	<sup>1</sup> 100, 000
	50, 000
For stock dividends.....	{ 135, 600
	<sup>1</sup> 11, 472
Total.....	{ 1, 736, 895 <sup>1</sup> 728, 122

<sup>1</sup> Shares of stock without par or nominal value.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act, as amended—Continued*

Stock, preferred:

For acquisition of property including equipment-----	{	\$50, 000
For exchange for unmatured funded debt-----		<sup>1</sup> 45, 817
For general corporate purposes (not segregated)-----		6, 450, 500
For payment of advances-----		250, 000
For refunding purposes and for additions and betterments-----		800, 000
For stock dividends-----		<sup>1</sup> 54, 183
		406, 000
<hr/>		
Total-----	{	7, 956, 500
		<sup>1</sup> 100, 000
<hr/>		
Total stock-----	{	9, 693, 395
		<sup>1</sup> 828, 122

Debentures:

For general corporate purposes (not segregated)-----	624, 825
For refunding purposes and for additions and betterments-----	1, 500, 000
<hr/>	
Total-----	2, 124, 825

Bonds, mortgage:

For general corporate purposes (not segregated)-----	120, 000
For pledge-----	275, 000
<hr/>	
Total-----	395, 000

Notes, secured:

For acquisition of equipment-----	1, 926, 700
For acquisition of property including equipment-----	182, 000
For acquisition of securities of others-----	265, 000
For construction of facilities, etc-----	3, 405, 000
For exchange for notes previously issued-----	1, 896, 717
For exchange for notes previously issued without authorization from the Commission-----	105, 000
For general corporate purposes (not segregated)-----	2, 890, 250
For refunding purposes-----	190, 000
For refunding purposes and for acquisition of equipment-----	388, 000
Assumption of obligation and liability in respect of \$4,064,472.	
<hr/>	
Total-----	11, 248. 667

Notes, unsecured:

For acquisition of securities of others-----	1, 500, 000
For construction of facilities, etc-----	240, 000
For rehabilitation of equipment-----	1, 650, 000
Assumption of obligation and liability in respect of \$3,052,500.	
<hr/>	
Total-----	3, 390, 000
<hr/>	
Total notes-----	14, 638, 667
<hr/>	
Grand total securities-----	{
	26, 851, 887
	<sup>1</sup> 828, 122

<sup>1</sup> Shares of stock without par or nominal value.

49 applications filed.

47 applications approved.

3 applications dismissed.

1 application denied.



*Bond issues sold at competitive bidding, authorized under section 20a of the Interstate Commerce Act, as amended, from Nov. 1, 1948, to Oct. 31, 1949*

Name of company and description of issue	Year	Principal amount	Coupon rate	Date bids opened	Number of bids	Price to company	Interest cost (per cent)	Price to public	Gross spread
Pennsylvania Railroad Company: The New York Bay Railroad Company first-mortgage bonds, series A <sup>1</sup> .....	1973	\$14,518,000	3¾	Nov. 16, 1948	3	100.00	-----	100.00	-----
Chesapeake & Ohio Railway Company: Refunding and improvement mortgage bonds, series H.....	1973	40,000,000	3¾	Nov. 23, 1948	2	98.65	3.96	100.75	2.10
Potomac Edison Company: First-mortgage and collateral-trust bonds.....	1977	5,500,000	3¼	Dec. 6, 1948	6	101.868	3.15	102.46	.592
Washington-Terminal: First-mortgage bonds, series B.....	1974	1,600,000	2½	May 11, 1949	7	98.051	2.61	-----	-----
Akron Union Passenger Depot Company: First-mortgage bonds, series A.....	1974	2,000,000	4½	July 12, 1949	2	98.10	4.63	100.00	1.90
Wheeling & Lake Erie Railway Company: General and refunding mortgage bonds, series B.....	1974	6,870,000	2¾	Aug. 2, 1949	6	98.132	2.86	98.875	.743

<sup>1</sup> No public offering.

*Status of outstanding loans under section 210 of the Transportation Act, 1920, as amended*

PRINCIPAL AND INTEREST IN DEFAULT ON JUNE 30, 1949

Carrier	Principal	Interest
Georgia & F. Ry. Co., receiver.....	\$792,000	\$966,640.00
Waterloo, C. F. & N. Ry. Co.....	1,260,000	2,026,455.71
Total in default.....	2,052,000	2,993,095.71

## APPENDIX E

### RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

	<i>Miles of line operated</i>
Proceedings under section 77 of the Bankruptcy Act:	
Boston & Providence Railroad Corporation <sup>1</sup> -----	-----
Boston Terminal Company <sup>2</sup> -----	13
Central Railroad Company of New Jersey <sup>3</sup> -----	416
Duluth, South Shore & Atlantic Railway Company (system)-----	554
Florida East Coast Railway Company <sup>4</sup> -----	575
Georgia, Florida & Alabama Railroad Company <sup>5</sup> -----	-----
Huntingdon & Broad Top Mountain Railroad and Coal Company, The-----	77
Lackawanna and Wyoming Valley Railroad Company-----	19
Long Island Railroad Company, The-----	376
Meridian & Bigbee River Railway Company-----	50
Missouri Pacific Railroad System-----	9, 848
New Jersey & New York Railroad Company-----	39
New York, Ontario & Western Railway Company-----	544
New York, Susquehanna & Western Railroad Company <sup>6</sup> -----	120
Rutland Railroad Company-----	407
Wisconsin Central Railway Company <sup>7</sup> -----	-----
Wyoming Railway Company-----	29
Receivership Proceedings:	
Georgia & Florida Railroad-----	408
Missouri & Arkansas Railway Company <sup>8</sup> -----	336
Rio Grande & Southern Railroad Company, The-----	172
Smoky Mountain Railroad-----	31
Tallulah Falls Railway Company-----	57
Waco, Beaumont, Trinity & Sabine Railway Company-----	42

<sup>1</sup> Owned mileage 64. Leased to Old Colony Railroad Company; operated by New York, New Haven & Hartford Railroad Company. Collateral proceedings pending.

<sup>2</sup> Collateral proceedings for abandonment suspended pending negotiation of parties.

<sup>3</sup> Proceeding suspended by court pending outcome of section 20b voluntary adjustment (Interstate Commerce Act), and terminated October 1, 1949.

<sup>4</sup> District court disapproved Commission plan. Notice of appeals have been filed.

<sup>5</sup> Owned mileage 133. Operated by Seaboard Air Line Railroad Company.

<sup>6</sup> Collateral proceedings pending before Commission.

<sup>7</sup> Owned mileage 898. Operated by Minneapolis, St. Paul & Sault Ste. Marie Railway Company. Proceeding reopened after approval of Commission, hearing adjourned to November 14, 1949.

<sup>8</sup> Not in operation.

#### *Mileage of line-haul steam railroads operated by receivers or trustees at various dates*

Year <sup>1</sup>	Miles of road operated by receivers at close of year	Miles of road operated by trustees at close of year	Miles of road operated by both receivers and trustees at close of year	Total miles of road oper- ated at close of year. All line-haul companies	Percent of total mileage operated by receivers or trustees
1895-----	37, 855. 80	-----	37, 855. 80	177, 746	21. 30
1900-----	4, 177. 91	-----	4, 177. 91	192, 556	2. 17
1905-----	795. 82	-----	795. 82	216, 974	0. 37
1910-----	5, 257. 03	-----	5, 257. 03	240, 831	2. 18
1915-----	30, 223. 05	-----	30, 223. 05	257, 569	11. 73
1920-----	16, 290. 17	-----	16, 290. 17	259, 941	6. 27
1925-----	18, 686. 99	-----	18, 686. 99	258, 631	7. 23
1930-----	9, 486. 28	-----	9, 486. 28	260, 440	3. 64
1935-----	15, 920. 00	52, 425. 00	68, 345. 00	252, 930	27. 02
1940-----	11, 658. 00	63, 612. 00	75, 270. 00	245, 740	30. 63
1945-----	5, 088. 00	34, 626. 00	39, 714. 00	239, 438	16. 59
1948-----	710. 00	12, 573. 00	13, 283. 00	237, 756	5. 59

<sup>1</sup> As of June 30, 1895 to 1915, inclusive. As of Dec. 31, 1920 to 1948, inclusive.

## APPENDIX F

### STATEMENT OF APPROPRIATIONS AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1949

The obligations shown herein are as of June 30, 1949, and represent net obligations after deducting all credits for services and salaries charged to other Government activities.

An Act making appropriations for the Executive Office and sundry independent executive \* \* \* commissions \* \* \* for the fiscal year ended June 30, 1949, and for other purposes, approved April 20, 1948:

General expenses: For expenses necessary in performing the functions vested by law in the Commission (49 U. S. C. 1-24, 301-327, 901-923, 1001-1022), except those otherwise specifically provided for in this Act, and for general administration, including 1 chief counsel, 1 director of finance, 1 director of motor transport, and 1 director of traffic, at \$10,000 each per annum; not to exceed \$50,000 for the employment of special counsel; contract stenographic reporting services; personal services in the District of Columbia; newspapers (not to exceed \$200); health service program as authorized by law (5 U. S. C. 150); payment of claims pursuant to section 403 of the Federal Tort Claims Act (28 U. S. C. 921); and purchase of 32 passenger automobiles, of which 16 shall be for replacement only; Provided, That joint board members and cooperating State commissioners may use Government transportation requests when traveling in connection with their duties as such: Provided further, That not to exceed \$5,000 may be used for the purchase of evidence in connection with investigations of apparent violations of part II of the Interstate Commerce Act-----		\$9, 131, 317
Second Deficiency Appropriation Act, Public Law 119—81st Congress-----	374, 000	
		\$9, 505, 317
Railroad safety: For expenses necessary in performing functions authorized by law (45 U. S. C. 1-15, 17-21, 35-46, 61-64; 49 U. S. C. 26) to insure a maximum of safety in the operation of railroads, including authority to investigate, test experimentally, and report on the use and need of any appliances or systems intended to promote the safety of railway operation, including those pertaining to block-signal and train-control systems, as authorized by the joint resolution approved June 30, 1906, and the Sundry Civil Act of May 27, 1908 (45 U. S. C. 35-37), and to require carriers by railroad subject to the Act to install automatic train-stop or train-control devices as prescribed by the Commission (49 U. S. C. 26), including the employment of inspectors, engineers, and personal services in the District of Columbia -----		908, 000
Second Deficiency Appropriation Act, Public Law 119—81st Congress-----	34, 000	
		942, 000



## An Act making appropriations for the Executive Office, etc.—Continued

Locomotive inspection: For expenses necessary in the enforcement of the Act of February 17, 1911, entitled "An Act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto," as amended (45 U. S. C. 22-34), including personal services in the District of Columbia.....	\$615, 000	
Second Deficiency Appropriation Act, Public Law 119—81st Congress.....	33, 000	
		\$648, 000
Printing and binding: For all printing and binding for the Interstate Commerce Commission, including not to exceed \$17,000 to print and furnish to the States, at cost, blank annual report forms of common carriers.....		205, 000
Penalty mail costs: For deposit in the Treasury for penalty mail of the Interstate Commerce Commission (39 U. S. C. 321d) \$35,000 (rescinded by Public Law 785—80th Congress, approved June 25, 1948).		
Total.....		11, 300, 317

## Amounts obligated under appropriations for the fiscal year ended June 30, 1949:

General expenses.....	9, 472, 224
Railroad safety.....	923, 882
Locomotive inspection.....	630, 424
Printing and binding.....	197, 273
Penalty mail.....	none
Total obligations.....	11, 223, 803
Unobligated balances of appropriations:	
General expenses.....	33, 093
Railroad safety.....	18, 118
Locomotive inspection.....	17, 576
Printing and binding.....	7, 727
Total unobligated balances.....	76, 514
Total appropriations.....	11, 300, 317

## Statement of receipts from fees and charges during the fiscal year ended June 30, 1949, as required by (5 U. S. C. 104a):

Fees and other charges for administrative, professional, and scientific services, not otherwise classified.....	3, 977
Deposits in connection with admission of attorneys of which \$4,140 was transferred during the year to earned fees.....	9, 360
Sale of photo duplications.....	7, 165
Sale of publications and reproductions, not otherwise classified.....	943
Accounting, legal, and judicial services, not otherwise classified.....	515
Total receipts from fees and charges.....	21, 960

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